

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2006

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A N A C T

MAKING APPROPRIATIONS FOR THE SUPPORT OF THE STATE FOR THE FISCAL
YEAR ENDING JUNE, 30, 2007

Introduced By: Representatives Watson, Mumford, Gorham, Savage, and Ehrhardt

Date Introduced: February 08, 2006

Referred To: House Finance

It is enacted by the General Assembly as follows:

- 1 ARTICLE 1 RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2007
- 2 ARTICLE 2 RELATING TO BORROWING IN ANTICIPATION OF RECEIPTS FROM
- 3 TAXES
- 4 ARTICLE 3 RELATING TO MAKING REVISED APPROPRIATIONS FOR THE
- 5 SUPPORT OF THE STATE FOR FISCAL YEAR ENDING JUNE 30, 2006
- 6 ARTICLE 4 RELATING TO 911 EMERGENCY TELEPHONE SYSTEM SURCHARGE
- 7 ARTICLE 5 RELATING TO CAPITAL DEVELOPMENT PROGRAM
- 8 ARTICLE 6 RELATING TO BOND PREMIUMS
- 9 ARTICLE 7 RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTIONS
- 10 ARTICLE 8 RELATING TO MOTOR VEHICLE EMISSIONS INSPECTION FEES
- 11 ARTICLE 9 RELATING TO PHARMACEUTICAL ASSISTANCE TO THE ELDERLY
- 12 ARTICLE 10 RELATING TO SUBMIT TO CHEMICAL TEST
- 13 ARTICLE 11 RELATING TO RESTRICTED RECEIPT ACCOUNTS
- 14 ARTICLE 12 RELATING TO GENERAL PUBLIC ASSISTANCE – HARDSHIP
- 15 ASSISTANCE FUND
- 16 ARTICLE 13 RELATING TO HOSPITAL UNCOMPENSATED CARE
- 17 ARTICLE 14 RELATING TO CHILD CARE – STATE SUBSIDIES
- 18 ARTICLE 15 RELATING TO NURSING FACILITIES

- 1 ARTICLE 16 RELATING TO MUNICIPAL TIPPING FEES
- 2 ARTICLE 17 RELATING TO STATE AID
- 3 ARTICLE 18 RELATING TO LICENSING OF HOSPITAL FACILITIES
- 4 ARTICLE 19 RELATING TO EDUCATION AID
- 5 ARTICLE 20 RELATING TO ISSUANCE OF LICENSE UPON PAYMENT OF TAXES
- 6 ARTICLE 21 RELATING TO TAX AMNESTY
- 7 ARTICLE 22 RELATING TO FUEL USE REPORTING LAW
- 8 ARTICLE 23 RELATING TO REGISTRATION OF VEHICLES
- 9 ARTICLE 24 RELATING TO TUITION TAX CREDITS
- 10 ARTICLE 25 RELATING TO MEDICAL ASSISTANCE - MANAGED CARE
- 11 ARTICLE 26 RELATING TO HEALTH CARE QUALITY PROGRAM
- 12 ARTICLE 27 RELATING TO UNDERGROUND STORAGE TANK FINANCIAL
- 13 RESPONSIBILITY FUND REVIEW BOARD
- 14 ARTICLE 28 RELATING TO PAY DIFFERENTIAL FOR STATE EMPLOYEES ON
- 15 ACTIVE DUTY
- 16 ARTICLE 29 RELATING TO MOTOR VEHICLE EXCISE TAX – PHASE-OUT
- 17 ARTICLE 30 RELATING TO TAXATION
- 18 ARTICLE 31 RELATING TO PANDEMIC INFLUENZA PREPARATION
- 19 ARTICLE 32 RELATING TO HUMAN SERVICES – FAMILY INDEPENDENCE ACT
- 20 ARTICLE 33 RELATING TO MEDICAL ASSISTANCE – PRESCRIPTION DRUGS
- 21 ARTICLE 34 RELATING TO INSURANCE – MANDATED BENEFITS
- 22 ARTICLE 35 RELATING TO MEDICAL ASSISTANCE – COMMUNITY HEALTH
- 23 CENTERS
- 24 ARTICLE 36 RELATING TO DREDGING FEES
- 25 ARTICLE 37 RELATING TO APPROVE AND PUBLISH AND SUBMIT TO THE
- 26 ELECTORS A PROPOSITION OF AMENDMENT TO THE CONSTITUTION
- 27 OF THE STATE (LIMITATIONS ON STATE SPENDING)
- 28 ARTICLE 38 RELATING TO STATE AFFAIRS AND GOVERNMENT
- 29 ARTICLE 39 RELATING TO RULES AND REGULATIONS -- FUNDING
- 30 REQUIRED
- 31 ARTICLE 40 RELATING TO MEDICAL ASSISTANCE – OPTIONAL ELIGIBILITY
- 32 ARTICLE 41 RELATING TO EFFECTIVE DATE
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LC02076/SUB A
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
MAKING APPROPRIATIONS FOR THE SUPPORT OF THE STATE FOR THE FISCAL
YEAR ENDING JUNE, 30, 2007

- 1 This article provides that the act shall take effect upon passage, except as otherwise
2 provided herein.

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LC02076/SUB
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ARTICLE 1 SUBSTITUTE A AS AMENDED

RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2007

SECTION 1. Subject to the conditions, limitations and restrictions hereinafter contained in this act, the following general revenue amounts are hereby appropriated out of any money in the treasury not otherwise appropriated to be expended during the fiscal year ending June 30, 2007. The amounts identified for federal funds and restricted receipts shall be made available pursuant to section 35-4-22 and Chapter 41 of Title 42 of the Rhode Island General Laws. For the purposes and functions hereinafter mentioned, the state controller is hereby authorized and directed to draw his or her orders upon the general treasurer for the payment of such sums or such portions thereof as may be required from time to time upon receipt by him or her of properly authenticated vouchers.

Administration

Central Management

General Revenues	1,545,276
Federal Funds	346,196
Restricted Receipts	70,029
Total - Central Management	1,961,501

Legal Services

General Revenues	2,562,185
Legal Support/DOT	108,503
Total – Legal Services	2,670,688

Accounts and Control General Revenues 3,428,790

Budgeting General Revenues 2,456,351

Purchasing General Revenues 2,416,614

Auditing General Revenues 2,057,592

Human Resources

General Revenues	12,314,199
Federal Funds	815,083
Restricted Receipts	647,390
Other Funds	1,120,457

1	Total-Human Resources	14,897,129
2	<i>Personnel Appeal Board</i> General Revenues	102,849
3	<i>Facilities Management</i>	
4	General Revenues	41,144,019
5	Federal Funds	21,551,019
6	Restricted Receipts	1,373,570
7	Other Funds	1,541,649
8	Total – Facilities Management	65,610,257
9	<i>Capital Projects and Property Management</i> General Revenues	3,316,132
10	<i>Information Technology</i>	
11	General Revenues	17,584,582
12	Federal Funds	7,076,403
13	Restricted Receipts	1,440,855
14	Other Funds	1,242,376
15	Total – Information Technology	27,344,216
16	<i>Library and Information Services</i>	
17	General Revenues	1,077,872
18	Federal Funds	1,355,677
19	Restricted Receipts	1,500
20	Total – Library and Information Services	2,435,049
21	<i>Planning</i>	
22	General Revenues	5,306,430
23	Federal Funds	8,107,037
24	Intermodal Surface Transportation Funds	
25	Federal Highway - PL Systems Planning	1,453,222
26	Air Quality Modeling	20,800
27	Total – Planning	14,887,489
28	<i>Security Services</i> General Revenues	19,854,805
29	<i>General</i>	
30	General Revenues	
31	Miscellaneous Grants	626,750
32	Torts – Courts	400,000
33	Contingency Fund	1,050,000
34	From the appropriation for contingency shall be paid such sums as may be required at the	

1 discretion of the Governor and the Director of Administration to fund expenditures for which
 2 appropriations may not exist and for transition expenses of general officers in accordance with
 3 section 36-1-2.1 of the general laws of 1956, as amended. Such contingency funds may also be
 4 used for expenditures in the several departments and agencies where appropriations are
 5 insufficient, or where such requirements are due to unforeseen conditions or are nonrecurring
 6 items of an unusual nature. Said appropriations may also be used for the payment of bills incurred
 7 due to emergencies or to any offense against public peace and property, in accordance with the
 8 provisions of Titles 11 and 45 of the general laws of 1956, as amended. All expenditures and
 9 transfers from this account shall be approved by the director of administration and the governor.

10	State Employees/Teachers Retiree	
11	Health Subsidy	9,475,125
12	Economic Development Corporation	8,184,274
13	EDC – Rhode Island Airport Corporation Impact Aid	1,025,000

14 Provided that the Rhode Island Airport Corporation shall distribute the appropriated
 15 funds as follows:

16 60 percent of the first \$1,000,000 appropriated funds shall be distributed to each airport
 17 serving more than 1,000,000 passengers based upon its percentage of the total passengers served
 18 by all airports serving more than 1,000,000 passengers.

19 40 percent of the first \$1,000,000 shall be distributed to North Central Airport, Newport-
 20 Middletown Airport, Block Island Airport, Quonset Airport, TF Green Airport and Westerly
 21 Airport based on the shares of total takeoffs and landings during calendar year 2005, respectively.
 22 No airport shall receive less than \$25,000.

23 Each airport receiving any portion of the amount appropriated shall make an impact
 24 payment to the towns or cities in which located in the full amounts received from the Corporation
 25 within 30 days of payments from the Corporation. Each community upon which any part of the
 26 above airports are located shall receive at least \$25,000.

27	EDC-Urban Revitalization Fund Capital Reserve	50,000
28	Economic Policy Council	300,000
29	Centers of Excellence	3,000,000
30	EDC EPScore	1,500,000
31	Motor Vehicle Excise Tax Payment	136,004,939
32	Property Valuation	1,500,000
33	General Revenue Sharing Program	65,159,670
34	Payment in Lieu of Tax Exempt Properties	27,766,967

1	Distressed Communities Relief Program	10,921,335
2	Resource Sharing and State Library Aid	8,712,871
3	Library Construction Aid	2,705,348
4	Federal Funds	34,869
5	Restricted Receipts	1,283,347
6	Rhode Island Capital Plan Funds	
7	Chapin Health Laboratory	100,000
8	Cannon Building	150,000
9	Old State House	100,000
10	Williams Powers Building	500,000
11	State House Renovations	830,000
12	Environmental Compliance	250,000
13	Fox Point Hurricane Barrier	50,000
14	Fire Code Compliance State Buildings	500,000
15	Lead Mitigation Group Homes	200,000
16	McCoy Stadium	1,280,000
17	Varley Building	100,000
18	Elderly Affairs One Stop Elder Center	200,000
19	Total – General	283,960,495
20	<i>Debt Service Payments</i>	
21	General Revenues	89,129,461
22	Federal Funds	1,177,854
23	Restricted Receipts	1,027,956
24	Rhode Island Capital Plan Funds	
25	MHRH Community Services Program	5,374,946
26	MHRH Community Mental Health Program	1,827,046
27	DEM – Narragansett Bay Commission	1,527,738
28	DEM – Debt Service – CWFA	3,254,086
29	DEM – Debt Service – Recreation	8,340,854
30	DEM – Debt Service –	
31	Wastewater Treatment	4,203,348
32	DEM – Hazardous Waste	2,340,378
33	RIPTA – Water Resources Board	2,220,215
34	DOA – Third Rail Project – Quonset Point	2,463,980

1	Intermodal Surface Transportation Funds	
2	RIPTA Debt Service	703,466
3	Transportation Debt Service	36,695,660
4	Temporary Disability Insurance Fund	
5	RIRBA - DLT – Temporary Disability Insurance	45,586
6	COPS - DLT Building – TDI	382,138
7	Total - Debt Service Payments	160,714,712
8	<i>Personnel Reform Medical Insurance</i>	
9	General Revenues	(3,709,901)
10	Federal Funds	(1,298,060)
11	Restricted Receipts	(264,858)
12	Other Funds	(1,512,997)
13	Total – Personnel Reform	(6,785,816)
14	<i>State Employee Turnover at 5.2 percent</i>	(36,491,395)
15	Grand Total - Administration	564,837,458
16	Business Regulation	
17	<i>Central Management</i> General Revenues	1,456,314
18	<i>Banking and Securities Regulation</i> General Revenues	2,822,483
19	<i>Commercial Licensing, Racing and Athletics</i>	
20	General Revenues	1,814,637
21	Restricted Receipts	100,000
22	Total - Commercial Licensing,	
23	Racing and Athletics	1,914,637
24	<i>Insurance Regulation</i>	
25	General Revenues	4,684,990
26	Restricted Receipts	704,408
27	Total - Insurance Regulation	5,389,398
28	<i>Board of Accountancy</i> General Revenues	156,280
29	Grand Total - Business Regulation	11,739,112
30	Labor and Training	
31	<i>Central Management</i>	
32	General Revenues	143,250
33	Restricted Receipts	385,212
34	Total - Central Management	528,462

1	<i>Workforce Development Services</i>	
2	General Revenues	258,600
3	Federal Funds	15,789,182
4	Restricted Receipts	10,379,076
5	Reed Act Funds	
6	Rapid Job Entry	931,277
7	Woonsocket Networking	55,000
8	Workforce Development	6,202,864
9	Of the \$7.2 million appropriated from Reed Act funds, \$1 million may be used solely for	
10	the Rapid Job Entry Program to engage welfare recipients in employment preparation and	
11	placement through employment assessment workshop and job club/job search workshop	
12	activities; \$55,000 may be used solely for netWORKri office renovations; and \$6.2 million may	
13	be for the administration of this state's employment compensation law and public employment	
14	service offices.	
15	Total - Workforce Development Services	33,615,999
16	<i>Workforce Regulation and Safety</i> General Revenues	2,860,748
17	<i>Income Support</i>	
18	General Revenues	3,137,593
19	Federal Funds	12,820,503
20	Restricted Receipts	1,616,416
21	Temporary Disability Insurance Fund	176,891,254
22	Employment Security Fund	213,398,437
23	Total - Income Support	407,864,203
24	<i>Injured Workers Services</i> Restricted Receipts	10,508,769
25	<i>Labor Relations Board</i> General Revenues	441,659
26	Grand Total - Labor and Training	455,819,840
27	Legislature	
28	General Revenues	32,219,892
29	Restricted Receipts	1,451,733
30	Grand Total - Legislature	33,671,625
31	Lieutenant Governor General Revenues	963,012
32	Secretary of State	
33	<i>Administration</i> General Revenues	1,741,391
34	<i>Corporations</i> General Revenues	1,801,627

1	<i>State Archives</i>	
2	General Revenues	104,891
3	Federal Funds	85,000
4	Restricted Receipts	486,355
5	Total - State Archives	676,246
6	<i>Elections and Civics</i>	
7	General Revenues	1,278,170
8	Federal Funds	1,931,890
9	Total – Elections	3,210,060
10	<i>State Library</i> General Revenues	700,499
11	<i>Office of Public Information</i> General Revenues	314,339
12	Grand Total - State	8,444,162
13	General Treasurer	
14	<i>Treasury</i>	
15	General Revenues	2,685,728
16	Federal Funds	290,975
17	Restricted Receipts	10,000
18	Temporary Disability Insurance Fund	303,834
19	Total – Treasury	3,290,537
20	<i>State Retirement System</i>	
21	Restricted Receipts	
22	Administrative Expenses - State Retirement System	5,660,755
23	Retirement - Treasury Investment Operations	772,474
24	Total - State Retirement System	6,433,229
25	<i>Unclaimed Property</i> Restricted Receipts	16,657,676
26	<i>RI Refunding Bond Authority</i> General Revenues	55,770
27	<i>Crime Victim Compensation Program</i>	
28	General Revenues	211,502
29	Federal Funds	731,314
30	Restricted Receipts	1,715,930
31	Total - Crime Victim Compensation Program	2,658,746
32	Grand Total - General Treasurer	29,095,958
33	Boards for Design Professionals General Revenues	390,153
34	Board of Elections	

1	General Revenues	2,516,239
2	Federal Funds	818,900
3	Grand Total - Board of Elections	3,335,139
4	Rhode Island Ethics Commission General Revenues	1,297,421
5	Office of Governor	
6	General Revenues	4,952,015
7	Intermodal Surface Transportation Funds	92,129
8	Grand Total - Office of Governor	5,044,144
9	Public Utilities Commission	
10	General Revenues	743,985
11	Federal Funds	88,567
12	Restricted Receipts	6,080,429
13	Grand Total - Public Utilities Commission	6,912,981
14	Rhode Island Commission on Women General Revenues	99,715
15	Department of Revenue	
16	<i>Director of Revenue Office</i> General Revenues	488,750
17	<i>Office of Revenue Analysis</i> General Revenues	388,424
18	<i>Lottery Division</i> Lottery Funds	214,740,880
19	<i>Property Valuation</i> General Revenues	669,726
20	<i>Taxation</i>	
21	General Revenues	18,374,247
22	Federal Funds	1,188,260
23	Restricted Receipts	813,368
24	Motor Fuel Evasion Program	42,732
25	Temporary Disability Insurance	875,361
26	Total-Taxation	21,293,968
27	<i>Registry of Motor Vehicles</i>	
28	General Revenues	17,536,892
29	Federal Funds	395,638
30	Restricted Receipts	16,083
31	Total-Registry of Motor Vehicles	17,948,613
32	Grand Total-Revenue	255,530,361
33	Office of Health and Human Services	
34	General Revenues	313,160

1	Federal Funds	245,357
2	Restricted Receipts	211,603
3	Grand Total – Office of Health and	
4	Human Services	770,120
5	Children, Youth, and Families	
6	<i>Central Management</i>	
7	General Revenues	6,860,904
8	Federal Funds	3,477,254
9	Total - Central Management	10,338,158
10	<i>Children's Behavioral Health Services</i>	
11	General Revenues	36,982,288
12	Federal Funds	37,112,018
13	Total - Children's Behavioral Health Services	74,094,306
14	<i>Juvenile Correctional Services</i>	
15	General Revenues	32,579,007
16	Federal Funds	3,379,260
17	Restricted Receipts	6,000
18	Rhode Island Capital Plan Funds	
19	Girls Facility – Training School	800,000
20	Community Facilities – Training School	500,000
21	Total - Juvenile Correctional Services	37,264,267
22	<i>Child Welfare</i>	
23	General Revenues	96,569,239
24	Federal Funds	72,495,979
25	Restricted Receipts	1,655,094
26	Rhode Island Capital Plan Funds	
27	Fire Code Upgrades	500,000
28	Total - Child Welfare	171,220,312
29	<i>Higher Education Incentive Grants</i> General Revenues	200,000
30	Grand Total - Children, Youth, and Families	293,117,043
31	Elderly Affairs	
32	General Revenues	
33	General Revenues	16,683,105
34	Provided that \$534,907 of the \$16,683,105 from general revenues shall be available for	

1	community elder information specialists.	
2	RIPAE	3,412,000
3	Safety and Care of the Elderly	600
4	Federal Funds	12,623,605
5	Restricted Receipts	1,250,000
6	Intermodal Surface Transportation Fund	4,800,000
7	Grand Total - Elderly Affairs	38,769,310
8	Health	
9	<i>Central Management</i>	
10	General Revenues	4,814,505
11	Provided that \$130,000 from general revenues is reserved exclusively for the Southeast	
12	and New England Health Safe Community Foundation/ Michael Montelone Foundation to	
13	provide automated external defibrillators to high schools and athletic fields.	
14	Federal Funds	4,849,996
15	Restricted Receipts	1,850,664
16	Total - Central Management	11,515,165
17	<i>State Medical Examiner</i>	
18	General Revenues	1,964,801
19	Federal Funds	140,543
20	Total - State Medical Examiner	2,105,344
21	<i>Family Health</i>	
22	General Revenues	3,039,370
23	Federal Funds	28,929,522
24	Restricted Receipts	6,875,852
25	Total - Family Health	38,844,744
26	<i>Health Services Regulation</i>	
27	General Revenues	5,085,025
28	Federal Funds	5,350,171
29	Restricted Receipts	400,319
30	Total - Health Services Regulation	10,835,515
31	<i>Environmental Health</i>	
32	General Revenues	4,616,661
33	Federal Funds	4,815,388
34	Restricted Receipts	1,553,683

1	Total - Environmental Health	10,985,732
2	<i>Health Laboratories</i>	
3	General Revenues	6,366,122
4	Federal Funds	2,184,707
5	Total - Health Laboratories	8,550,829
6	<i>Disease Prevention and Control</i>	
7	General Revenues	7,416,725
8	Federal Funds	19,893,007
9	National Highway Traffic Safety Funds	
10	Walkable Communities Initiative	29,960
11	Total - Disease Prevention and Control	27,339,692
12	Grand Total - Health	110,177,021
13	Human Services	
14	<i>Central Management</i>	
15	General Revenues	
16	General Revenues	8,778,008
17	Federal Funds	6,665,999
18	Restricted Receipts	2,240,382
19	Total - Central Management	17,684,389
20	<i>Child Support Enforcement</i>	
21	General Revenues	3,649,018
22	Federal Funds	7,400,423
23	Total - Child Support Enforcement	11,049,441
24	<i>Individual and Family Support</i>	
25	General Revenues	25,166,091
26	Federal Funds	54,777,883
27	Restricted Receipts	91,944
28	Total - Individual and Family Support	80,035,918
29	<i>Veterans' Affairs</i>	
30	General Revenues	17,300,207
31	Federal Funds	7,588,106
32	Restricted Receipts	1,219,365
33	Total - Veterans' Affairs	26,107,678
34	<i>Health Care Quality, Financing and Purchasing</i>	

1	General Revenues	21,178,701
2	Federal Funds	45,340,602
3	Restricted Receipts	566,815
4	Total - Health Care Quality, Financing & Purchasing	67,086,118
5	<i>Medical Benefits</i>	
6	General Revenues	
7	Hospitals	77,228,648
8	Nursing Facilities	146,058,329
9	Managed Care	209,075,483
10	Pharmacy	65,484,895
11	Other	71,478,576
12	Federal Funds	
13	Hospitals	82,338,822
14	Nursing Facilities	163,774,830
15	Managed Care	246,229,008
16	Special Education	20,733,240
17	Pharmacy	25,887,480
18	Other	80,233,863
19	Restricted Receipts	4,490,042
20	Total - Medical Benefits	1,193,013,216
21	<i>Supplemental Security Income Program</i> General Revenues	28,201,184
22	<i>Family Independence Program</i>	
23	General Revenues	
24	Child Care	39,870,805
25	TANF/Family Independence Program	7,724,147
26	Federal Funds	84,438,119
27	Total - Family Independence Program	132,033,071
28	<i>State Funded Programs</i>	
29	General Revenues	
30	General Public Assistance	3,860,294
31	Federal Funds	83,690,512
32	Total - State Funded Programs	87,550,806
33	Grand Total - Human Services	1,642,761,821
34	Mental Health, Retardation, and Hospitals	

1	<i>Central Management</i> General Revenues	2,251,063
2	<i>Hospital and Community System Support</i>	
3	General Revenues	4,574,961
4	Federal Funds	229,166
5	Rhode Island Capital Plan Funds	
6	Utilities Upgrade	500,000
7	Medical Center Rehabilitation	400,000
8	Utility Systems - Water Tanks and Pipes	250,000
9	Central Power Plant Rehabilitation	400,000
10	Community Facilities Fire Code	500,000
11	Pastore Center Fire Code Compliance	250,000
12	DD Private Waiver Community Facilities	
13	Fire Code Upgrades	187,500
14	Total - Hospital and Community System Support	7,291,627
15	<i>Services for the Developmentally Disabled</i>	
16	General Revenues	119,315,406
17	Federal Funds	135,138,112
18	Rhode Island Capital Plan Funds	
19	Regional Center Repair/Rehabilitation	200,000
20	Developmental Disability Group Homes	1,000,000
21	Total - Services for the Developmentally Disabled	255,653,518
22	<i>Integrated Mental Health Services</i>	
23	General Revenues	43,579,541
24	Federal Funds	37,670,463
25	Total - Integrated Mental Health Services	81,250,004
26	<i>Hospital and Community Rehabilitation Services</i>	
27	General Revenues	52,576,725
28	Federal Funds	56,766,343
29	Rhode Island Capital Plan Funds	
30	Zambarano Buildings and Utilities	200,000
31	Total-Hospital and Community Rehabilitation Services	109,543,068
32	<i>Substance Abuse</i>	
33	General Revenues	16,157,873
34	Federal Funds	14,848,644

1	Restricted Receipts	90,000
2	Rhode Island Capital Plan Funds Asset Protection	100,000
3	Total - Substance Abuse	31,196,517
4	Grand Total - Mental Health, Retardation,	
5	and Hospitals	487,185,797
6	Office of the Child Advocate	
7	General Revenues	558,096
8	Federal Funds	40,000
9	Grand Total - Child Advocate	598,096
10	Commission on the Deaf and Hard of Hearing	
11	General Revenues	355,329
12	Federal Funds	15,000
13	Grand Total - Commission on the Deaf and	
14	Hard of Hearing	370,329
15	RI Developmental Disabilities Council Federal Funds	461,393
16	Governor's Commission on Disabilities	
17	General Revenues	602,202
18	Federal Funds	195,681
19	Restricted Receipts	25,444
20	Rhode Island Capital Plan Funds	
21	Facility Renovation –	
22	Handicapped Accessibility	200,000
23	Grand Total - Governor's Commission on Disabilities	1,023,327
24	Commission for Human Rights	
25	General Revenues	1,075,216
26	Federal Funds	323,478
27	Grand Total - Commission for Human Rights	1,398,694
28	Mental Health Advocate General Revenues	409,492
29	Elementary and Secondary Education	
30	<i>Administration of the Comprehensive Education Strategy</i>	
31	General Revenues	21,103,006
32	Federal Funds	178,926,175
33	Restricted Receipts	2,792,518
34	Total – Administration of the Comprehensive	

1	Education Strategy	202,821,699
2	<i>Davies Career and Technical School</i>	
3	General Revenues	13,753,144
4	Federal Funds	1,200,244
5	Rhode Island Capital Plan Funds Davies Elevators	51,939
6	Total - Davies Career and Technical School	15,005,327
7	<i>RI School for the Deaf</i>	
8	General Revenues	6,476,348
9	Federal Funds	375,864
10	Total - RI School for the Deaf	6,852,212
11	<i>Metropolitan Career and Technical School</i> General Revenues	10,406,956
12	<i>Education Aid</i>	
13	General Revenues	675,530,203
14	Federal Funds	2,221,786
15	Restricted Receipt	1,734,549
16	Total – Education Aid	679,486,538
17	<i>Central Falls School District</i> General Revenues	43,234,574
18	<i>Housing Aid</i>	
19	General Revenues	49,672,045
20	<i>Teachers' Retirement</i> General Revenues	69,200,130
21	Grand Total - Elementary and Secondary	
22	Education	1,076,679,481
23	Public Higher Education	
24	<i>Board of Governors/Office of Higher Education</i>	
25	General Revenues	7,858,537
26	Federal Funds	3,146,976
27	Restricted Receipts	540,000
28	Total – Board of Governors/Off.	
29	of Higher Education	11,545,513
30	<i>University of Rhode Island</i>	
31	General Revenues	
32	General Revenues	86,073,717
33	Debt Service	2,618,293
34	University and College Funds	

1	University and College Funds	379,614,507
2	Debt – Dining Services	1,078,794
3	Debt – Educational & General	1,994,229
4	Debt – Health Services	127,938
5	Debt – Housing Loan Funds	4,208,297
6	Debt – Memorial Union	99,615
7	Debt – Ryan Center	1,515,473
8	Debt – Alton Jones Services	113,289
9	Debt – Boss Arena	295,207
10	Debt – Parking Authority	649,353
11	Debt – Sponsored Research (Ind. Cost)	99,970
12	Rhode Island Capital Plan Funds	
13	Debt Service	5,101,021
14	Asset Protection	3,990,000
15	Independence Hall	1,200,000
16	Total – University of Rhode Island	488,779,703

17 Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or
18 unencumbered balances as of June 30, 2007 relating to the University of Rhode Island are hereby
19 reappropriated to fiscal year 2008.

20 *Rhode Island College*

21	General Revenues	
22	General Revenues	47,354,405
23	Debt Service	1,590,682
24	RIRBA – Rhode Island College	293,470
25	University and College Funds	
26	University and College Funds	74,882,408
27	Debt – Education and General	295,152
28	Debt – Housing	494,417
29	Debt – Student Center & Dining	172,061
30	Debt – Student Union	172,194
31	Rhode Island Capital Plan Funds	
32	Asset Protection	1,732,500
33	Total – Rhode Island College	126,987,289

34 Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or

1 unencumbered balances as of June 30, 2007 relating to Rhode Island College are hereby
2 reappropriated to fiscal year 2008.

3 *Community College of Rhode Island*

4 General Revenues

5 General Revenues 49,537,170

6 Debt Service 1,405,076

7 Restricted Receipts 639,479

8 University and College Funds

9 University and College Funds 59,569,735

10 Debt – Bookstore 176,504

11 Rhode Island Capital Plan Funds

12 Knight Campus Nursing Program 65,000

13 Asset Protection 1,102,500

14 Total – Community College of Rhode Island 112,495,464

15 Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or
16 unencumbered balances as of June 30, 2007 relating to the Community College of Rhode Island
17 are hereby reappropriated to fiscal year 2008.

18 Grand Total – Public Higher Education 739,807,969

19 **RI State Council on the Arts**

20 General Revenues

21 Operating Support 795,942

22 Grants 2,045,524

23 Federal Funds 731,500

24 Restricted Receipts 1,008,195

25 Grand Total - RI State Council on the Arts 4,581,161

26 **RI Atomic Energy Commission**

27 General Revenues 836,702

28 Federal Funds 375,000

29 University and College Funds URI Sponsored Research 171,206

30 Grand Total - RI Atomic Energy Commission 1,382,908

31 **RI Higher Education Assistance Authority**

32 General Revenues

33 Needs Based Grants and Work Opportunities 5,730,027

34 Authority Operations and Other Grants 1,017,375

1	Federal Funds	12,852,312
2	Tuition Savings Program - Administration	10,058,298
3	Grand Total - Higher Education Assistance Authority	29,658,012
4	RI Historical Preservation and Heritage Commission	
5	General Revenues	1,705,676
6	Federal Funds	487,267
7	Restricted Receipts	266,820
8	Grand Total - RI Historical Pres. and Heritage Comm.	2,459,763
9	RI Public Telecommunications Authority	
10	General Revenues	1,388,669
11	Corporation for Public Broadcasting	828,498
12	Grand Total - Public Telecommunications Authority	2,217,167
13	Attorney General	
14	<i>Criminal</i>	
15	General Revenues	13,077,675
16	Federal Funds	1,055,397
17	Restricted Receipts	520,527
18	Total - Criminal	14,653,599
19	<i>Civil</i>	
20	General Revenues	4,524,821
21	Restricted Receipts	552,539
22	Total - Civil	5,077,360
23	<i>Bureau of Criminal Identification</i> General Revenues	991,634
24	<i>General</i>	
25	General Revenues	2,249,571
26	Rhode Island Capital Plan Funds	
27	Building Renovations and Repairs	165,000
28	Total - General	2,414,571
29	Grand Total - Attorney General	23,137,164
30	Corrections	
31	<i>Central Management</i>	
32	General Revenues	8,557,219
33	Federal Funds	260,032
34	Total - Central Management	8,817,251

1	<i>Parole Board</i>	
2	General Revenues	1,247,742
3	Federal Funds	33,002
4	Total - Parole Board	1,280,744
5	<i>Institutional Corrections</i>	
6	General Revenues	139,084,180
7	Federal Funds	7,224,911
8	Rhode Island Capital Plan Funds	
9	Reintegration Center State Match	3,247,123
10	General Renovations – Maximum	250,000
11	General Renovations – Women’s	700,000
12	Women’s Bathroom Renovations	506,000
13	Bernadette Guay Bldg. Roof	623,000
14	MIS/Admin. Units Relocation	151,017
15	Asset Protection	2,154,000
16	Total - Institutional Corrections	153,940,231
17	<i>Community Corrections</i>	
18	General Revenues	13,553,170
19	Federal Funds	820,175
20	Total – Community Corrections	14,373,345
21	Grand Total - Corrections	178,411,571
22	Judiciary	
23	<i>Supreme Court</i>	
24	General Revenues	
25	General Revenues	25,633,914
26	Defense of Indigents	3,167,659
27	Federal Funds	122,000
28	Restricted Receipts	1,042,001
29	Rhode Island Capital Plan Funds	
30	Blackstone Valley Courthouse Study	145,000
31	Judicial HVAC	500,000
32	McGrath Int/Ext	200,000
33	Asset Protection	100,000
34	Total - Supreme Court	30,910,574

1	<i>Superior Court</i>	
2	General Revenues	20,593,206
3	<i>Superior Court Adult Drug Court</i>	
4	General Revenues	66,000
5	Federal Funds	465,292
6	Total - Superior Court	21,124,498
7	<i>Family Court</i>	
8	General Revenues	16,451,290
9	Federal Funds	1,336,037
10	<i>Family Court Drug Court V-Family Treatment</i>	
11	Federal Funds	272,492
12	<i>Family Court Juvenile Drug Court</i>	
13	General Revenues	819,885
14	Total - Family Court	18,879,704
15	<i>District Court General Revenues</i>	9,923,880
16	<i>Traffic Tribunal General Revenues</i>	7,318,155
17	<i>Workers' Compensation Court Restricted Receipts</i>	7,285,626
18	Grand Total - Judiciary	95,442,437
19	Military Staff	
20	<i>National Guard</i>	
21	General Revenues	2,335,467
22	Federal Funds	8,954,804
23	Restricted Funds	145,000
24	Rhode Island Capital Plan Funds	
25	Benefit Street Arsenal Rehabilitation	200,000
26	Schofield Armory Rehabilitation	140,000
27	AMC Roof Replacement	200,000
28	State Armories Fire Code Comp.	150,000
29	Federal Armories Fire Code Comp.	118,750
30	Logistics/Maint. Facilities Fire Code Comp.	100,010
31	Asset Protection	200,000
32	Total - National Guard	12,544,031
33	<i>Emergency Management</i>	
34	General Revenues	829,452

1	Federal Funds	23,694,978
2	Restricted Receipts	285,385
3	Total - Emergency Management	24,809,815
4	Grand Total - Military Staff	37,353,846
5	E-911 Emergency Telephone System	
6	General Revenues	4,485,669
7	Federal Funds	70,936
8	Restricted Receipts	2,312,113
9	Grand Total - E-911 Emergency Telephone System	6,868,718
10	Fire Safety Code Board of Appeal and Review General Revenues	289,299
11	State Fire Marshal	
12	General Revenues	2,838,049
13	Federal Funds	191,000
14	Grand Total - State Fire Marshal	3,029,049
15	Commission on Judicial Tenure and Discipline	
16	General Revenues	114,772
17	Rhode Island Justice Commission	
18	General Revenues	163,972
19	Federal Funds	4,707,722
20	Restricted Receipts	30,000
21	Grand Total - Rhode Island Justice Commission	4,901,694
22	Municipal Police Training Academy	
23	General Revenues	425,710
24	Federal Funds	45,000
25	Grand Total - Municipal Police Training Academy	470,710
26	State Police	
27	General Revenues	49,047,151
28	Federal Funds	1,743,907
29	Restricted Receipts	235,411
30	Traffic Enforcement - Municipal Training	454,596
31	Rhode Island Capital Plan Funds Headquarters	
32	Repairs/Renovations	340,000
33	Lottery Commission Assistance	155,127
34	Road Construction Reimbursement	2,366,598

1	Grand Total - State Police	54,342,790
2	Office of Public Defender	
3	General Revenues	9,326,545
4	Federal Funds	135,701
5	Grand Total - Office of Public Defender	9,462,246
6	Environmental Management	
7	<i>Office of the Director</i>	
8	General Revenues	6,475,699
9	Federal Funds	1,495,287
10	Restricted Receipts	1,895,300
11	Total – Office of the Director	9,866,286
12	<i>Natural Resources</i>	
13	General Revenues	18,708,114
14	Federal Funds	19,130,040
15	Restricted Receipts	4,154,765
16	DOT Recreational Projects	73,417
17	Blackstone Bikepath Design	1,284,821
18	Rhode Island Capital Plan Funds	
19	Dam Repair	300,000
20	Recreational Facilities Improvements	500,000
21	Fort Adams Rehabilitation	250,000
22	Jamestown Fishing Pier	100,000
23	Wickford Marine Facility	223,310
24	Galilee Piers Upgrade	200,000
25	Newport Piers	150,000
26	Total - Natural Resources	45,074,467
27	<i>Environmental Protection</i>	
28	General Revenues	12,346,683
29	Federal Funds	13,161,108
30	Restricted Receipts	11,502,175
31	Total - Environmental Protection	37,009,966
32	Grand Total - Environmental Management	91,950,719
33	Coastal Resources Management Council	
34	General Revenues	2,112,667

1	Federal Funds	1,599,392
2	Restricted Receipts	3,195,000
3	Grand Total - Coastal Resources Management Council	6,907,059
4	State Water Resources Board	
5	General Revenues	1,937,302
6	Restricted Receipts	400,000
7	Rhode Island Capital Plan Funds	
8	Big River Management Area	80,600
9	Grand Total - State Water Resources Board	2,417,902
10	Transportation	
11	<i>Central Management</i>	
12	Federal Funds	5,161,535
13	Intermodal Surface Transportation Funds	3,098,421
14	Total - Central Management	8,259,956
15	<i>Management and Budget</i>	
16	Intermodal Surface Transportation Funds	1,709,378
17	<i>Infrastructure – Engineering – Garvee/Motor Fuel Tax Bonds</i>	
18	Federal Funds	232,584,994
19	Restricted Receipts	3,066,699
20	Intermodal Surface Transportation Funds	49,053,371
21	Land Sale Revenue	2,000,000
22	State Infrastructure Bank	1,000,000
23	Rhode Island Capital Plan Funds Pawtucket/Central Falls	
24	Train Station	25,000
25	Total - Infrastructure – Engineering – Garvee/Motor	287,730,064
26	<i>Infrastructure Maintenance</i>	
27	Intermodal Surface Transportation Funds	40,815,043
28	Outdoor Advertising	75,000
29	Resurfacing Design	250,000
30	Total - Infrastructure Maintenance	41,140,043
31	Grand Total - Transportation	338,839,441
32	Statewide Totals	
33	General Revenues	3,221,527,107
34	Federal Funds	1,948,173,147

1	Restricted Receipts	129,069,782
2	Other Funds	1,366,179,366
3	Statewide Grand Total	6,664,949,402

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

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

10 SECTION 4. The General Assembly may provide a written "statement of legislative
11 intent" signed by the chairperson of the House Finance Committee and by the chairperson of the
12 Senate Finance Committee to show the intended purpose of the appropriations contained in
13 Section 1 of this Article. The statement of legislative intent shall be kept on file in the House
14 Finance Committee and in the Senate Finance Committee.

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

20 SECTION 5. Appropriation of Temporary Disability Insurance Funds -- There is hereby
21 appropriated pursuant to sections 28-39-5 and 28-39-8 of the Rhode Island General Laws all
22 funds required to be disbursed for the benefit payments from the Temporary Disability Insurance
23 Fund and Temporary Disability Insurance Reserve Fund for the fiscal year ending June 30, 2007.

24 SECTION 6. Appropriation of Employment Security Funds -- There is hereby
25 appropriated pursuant to section 28-42-19 of the Rhode Island General Laws all funds required to
26 be disbursed for benefit payments from the Employment Security Fund for the fiscal year ending
27 June 30, 2007.

28 SECTION 7. Appropriation of Lottery Division Funds -- There is hereby appropriated to
29 the Lottery Division any funds required to be disbursed by the Lottery Division for the purposes
30 of awarding winnings for the fiscal year ending June 30, 2007.

31 SECTION 8. The amounts reflected in this Article include the appropriation of Rhode
32 Island Capital Plan funds for fiscal year 2007 and supersede appropriations provided for FY 2007
33 within Section 11 of Article 1 of Chapter 117 of the P.L. of 2005. The following amounts are
34 hereby appropriated out of any money in the state's Rhode Island Capital Plan Fund not otherwise

1 appropriated to be expended during the fiscal years ending June 20, 2008 , June 30, 2009, June
 2 30, 2010, and June 30, 2011. These amounts supersede appropriations provided within Section 11
 3 of Article 1 of Chapter 117 of the P.L. of 2005. For the purposes and functions hereinafter
 4 mentioned, the State Controller is hereby authorized and directed to draw his or her orders upon
 5 the General Treasurer for the payment of such sums and such portions thereof as may be required
 6 by him or her upon receipt of properly authenticated vouchers.

7 Project	FY 2008	FY 2009	FY 2010	FY 2011
8 RICAP Statehouse Renovations	4,000,000	5,000,000	5,000,000	5,000,000
9 RICAP-Elderly Affairs One-Stop Ctr.	2,000,000	2,000,000	2,085,000	300,000
10 RICAP-McCoy Stadium Repairs	557,500	432,500	152,500	372,500
11 RICAP-Training School Girl's Facility	2,000,000	1,845,000	-	-
12 RICAP-Training School Community Centers	1,500,000	3,300,000	3,900,000	1,400,000
14 RICAP-Youth Group Homes Fire Code Upgrades	1,300,000	1,435,000	1,435,000	-
16 RICAP-Utilities Upgrades	750,000	1,000,000	1,500,000	2,000,000
17 RICAP-Community Facilities Fire Code Upgrades	1,000,000	1,500,000	2,000,000	2,500,000
19 RICAP-URI Asset Protection	4,189,500	4,398,975	4,618,924	4,849,870
20 RICAP-URI Lippitt Hall	3,520,000	-	-	-
21 RICAP-URI Chemistry Bldg.	500,000	-	-	-
22 RICAP-URI Nursing Program Bldg.	500,000	-	-	-
23 RICAP-RIC Asset Protection	1,819,125	1,910,082	2,005,586	2,105,865
24 RICAP-CCRI Asset Protection	1,157,625	1,215,507	1,276,281	1,340,095
25 RICAP-CCRI Knight Campus Nursing Program	60,000	-	-	-
27 RICAP-CCRI Fire Code & HVAC	1,700,000	1,700,000	-	-
28 RICAP-MIS Unit Relocation	1,000,000	903,998	407,985	-
29 RICAP-DOC Asset Protection	3,500,000	5,000,000	6,500,000	8,000,000
30 RICAP-Judicial Complexes Asset Protection	450,000	472,500	496,125	544,556
32 RICAP-Armory of Mounted Commands	441,910	1,100,000	950,000	-
33 RICAP-Military Asset Protection	210,000	220,500	231,525	243,101
34 RICAP-Quonset Point Armory/Hangar Land				

1	Acquisition	1,600,000	-	-	-
2	RICAP-State Police Hdqtrs.	-	2,000,000	7,000,000	-
3	RICAP-Dam Repairs	1,475,000	750,000	1,025,000	1,250,000
4	RICAP-State Recreation Facilities				
5	Improvement	1,000,000	1,050,000	1,102,500	1,157,625

6 Reappropriation of funding for Rhode Island Capital Plan Fund Projects. – Any unexpended and
7 unencumbered funds from Rhode Island Capital Plan Fund project appropriations shall be
8 reappropriated in the ensuing fiscal year and made available for the same purpose. Any
9 unexpended funds of less than five hundred dollars (\$500) shall e reappropriated at the discretion
10 of the State Budget Officer.

11 SECTION 9. Notwithstanding any provisions of Chapter 19 in Title 23 of the Rhode
12 Island General Laws, the Resource Recovery corporation shall transfer to the State Controller the
13 sum of three million three hundred thousand dollars (\$3,300,000) on June 30, 2007.

14 Section 12 of Article 1 of Chapter 117 of the 2005 Public Laws entitled "An Act Making
15 Appropriations for the Support of the State for the Fiscal Year Ending June 30, 2006 is hereby
16 amended to read as follows: Notwithstanding any provisions of Chapter 19 in Title 23 of the
17 Rhode Island General Laws the Resource Recovery Corporation shall transfer to the State
18 Controller the sum of ~~four million five hundred thousand dollars (\$4,500,000)~~ seven million five
19 hundred thousand dollars (\$7,500,000) on June 30, 2006.

20 SECTION 10. Notwithstanding any provisions of Chapter 38.1 in Title 45 of the Rhode
21 Island General Laws, the Rhode Island Health and Educational Building Corporation shall
22 transfer to the State Controller the sum of three million seven hundred thousand dollars
23 (\$3,700,000) on June 30, 2006.

24 SECTION 11. Notwithstanding any provisions of Chapter 20.5-5 in Title 5 of the Rhode
25 Island General Laws, the Rhode Island Department of Business Regulation shall transfer from the
26 Real Estate Recovery Account to the State Controller the sum of one hundred thousand dollars
27 (\$100,000) on June 30, 2006.

28 SECTION 12. Any unexpended and unencumbered balances in the Attorney General's
29 Consumer Education Escrow Account as of June 30, 2006 shall be transferred as general
30 revenues.

31 SECTION 13. Notwithstanding any provisions of Rhode Island General Laws, the Rhode
32 Island Department of Labor and Training shall transfer to the State Controller the sum of one
33 million three hundred four thousand fifty dollars (\$1,304,050) from the Second Injury Fund and
34 the sum of Seven hundred eleven thousand three hundred dollars (\$711,300) from the Donley

1 Rehabilitation Fund which was paid to the state from the American International Group.

2 SECTION 14. The Coastal Resources Management Council shall transfer the sum of
3 eight hundred and fifty thousand dollars (\$850,000) from the Dredging Fee Escrow Account to
4 the State Controller by June 30, 2007.

5 SECTION 15. Departments and agencies listed below may not exceed, in any pay period,
6 the greater of the number of full-time equivalent positions (FTE) shown below or the number
7 reported as filled by the Department of Administration for the last pay period of FY 2006, nor
8 may the number of full-time equivalent positions in the executive branch excluding positions at
9 the Office of Higher Education, University of Rhode Island, Rhode Island College, and the
10 Community College of Rhode island supported by third party fund exceed 14,254.4 full-time
11 equivalent positions. Full-time equivalent positions do not include seasonal or intermittent
12 positions whose scheduled period of employment does not exceed twenty-six consecutive weeks
13 or whose scheduled hours do not exceed nine hundred and twenty-five (925) hours, excluding
14 overtime, in a one-year period. Nor do they include individuals engaged in training, the
15 completion of which is a prerequisite of employment. Provided, however, that the Governor or
16 designee, Speaker of the House of Representatives or designee, and the President of the Senate or
17 designee may authorize an adjustment to any limitation. Prior to the authorization, the State
18 Budget Officer shall make a detailed written recommendation to the Governor, the Speaker of the
19 House, and the President of the Senate. A copy of the recommendation and authorization to
20 adjust shall be transmitted to the chairman of the House Finance Committee, Senate Finance
21 Committee, the House Fiscal Advisor and the Senate Fiscal Advisor.

22 The Director of Administration shall prepare and transmit a report to the Chairpersons of the
23 House and Senate Finance Committees with copies to the House Fiscal Advisor and Senate Fiscal
24 Advisor listing the number of new full-time equivalent position employees hired by department
25 and agency by month for the period January 1, 2006 through June 30, 2006. The report shall be
26 transmitted no later than August 1, 2006.

27 The Director of Administration shall prepare and transmit monthly reports to the Chairpersons
28 of the House and Senate Finance Committees with copies to the House Fiscal Advisor and the
29 Senate Fiscal Advisor listing the number of full-time equivalent position employees hired by
30 department and agency for each month commencing July 1, 2006. The reports shall be
31 transmitted no later than the 20th day of the following month.

32 FTE POSITION AUTHORIZATION

33 <u>Departments and Agencies</u>	<u>Full-Time Equivalent</u>
34 Administration	1,077.3

1	Business Regulation	102.7
2	Labor and Training	467.9
3	Legis lature	275.2
4	Office of the Lieutenant Governor	9.5
5	Office of the Secretary of State	55.9
6	Office of the General Treasurer	86.2
7	Boards for Design Professionals	3.8
8	Board of Elections	14.3
9	Rhode Island Ethics Commission	11.4
10	Office of the Governor	46.0
11	Public Utilities Commission	45.7
12	Rhode Island Commission on Women	0.9
13	Department of Revenue	472.1
14	Office of Health and Human Services	5.0
15	Children, Youth, and Families	789.8
16	Elderly Affairs	50.5
17	Health	465.6
18	Human Services	1,111.0
19	Mental Health, Retardation, and Hospitals	1,817.3
20	Office of the Child Advocate	5.8
21	Commission on the Deaf and Hard of Hearing	2.8
22	RI Developmental Disabilities Council	2.0
23	Governor's Commission on Disabilities	6.3
24	Commission for Human Rights	14.4
25	Office of the Mental Health Advocate	3.5
26	Elementary and Secondary Education	124.5
27	Davies	133.0
28	School for the Deaf	68.0
29	Office of Higher Education	22.0
30	Provided that 1.0 of the total authorization would be available only for a position that is	
31	supported by third- party funds.	
32	University of Rhode Island	2,542.1
33	Provided that 602.0 of the total authorization would be available only for positions that	
34	are supported by third-party funds.	

1	Rhode Island College	925.5
2	Provided that 82.0 of the total authorization would be available only for positions that are	
3	supported by third-party funds.	
4	Community College of Rhode Island	850.2
5	Provided that 100.0 of the total authorization would be available only for positions that	
6	are supported by third-party funds.	
7	Rhode Island State Council on the Arts	8.6
8	RI Atomic Energy Commission	8.2
9	Higher Education Assistance Authority	45.6
10	Historical Preservation and Heritage Commission	17.0
11	Public Telecommunications Authority	21.4
12	Office of the Attorney General	221.9
13	Corrections	1,498.6
14	Judiciary	723.4
15	Notwithstanding any provisions of Chapter 8 Section 8-8.2-1 of the Rhode Island General	
16	Laws, the Traffic Tribunal may not have more than five (5) judges and magistrates during FY	
17	2007.	
18	Military Staff	103.1
19	E-911 Emergency Telephone System	49.9
20	Fire Safety Code Bd. of Appeal and Review	2.8
21	RI State Fire Marshal	36.1
22	Commission on Judicial Tenure and Discipline	0.9
23	Rhode Island Justice Commission	6.4
24	Municipal Police Training Academy	3.7
25	State Police	268.5
26	Office of the Public Defender	93.5
27	Environmental Management	503.5
28	Coastal Resources Management Council	28.5
29	State Water Resources Board	8.5
30	Transportation	779.7
31	Total	<u>16,038.0</u>

32 SECTION 16. The general assembly authorizes the state controller to establish the
33 internal service accounts shown below, and no other, to finance and account for the operations of
34 state agencies that provide services to other agencies, institutions and other governmental units on

1 a cost reimbursed basis. The purpose of these accounts is to ensure that certain activities are
 2 managed in a businesslike manner, promote efficient use of services by making agencies pay the
 3 full costs associated with providing the services, and allocate the costs of central administrative
 4 services across all fund types, so that federal and other nongeneral fund programs share in the
 5 costs of general government support. The controller is authorized to reimburse these accounts for
 6 the cost of work or services performed for any other department or agency subject to the
 7 following expenditure limitations:

<u>Account</u>	<u>Expenditure Limit</u>
9 State Assessed Fringe Benefit Internal Service Fund	30,515,107
10 Administration Central Utilities Internal Service Fund	18,797,979
11 State Central Mail Internal Service Fund	5,268,011
12 State Telecommunications Internal Service Fund	2,232,829
13 State Automotive Fleet Internal Service Fund	14,656,702
14 State Surplus Property Internal Service Fund	17,715
15 Capitol Police Internal Service Fund	559,158
16 Health Insurance Internal Service Fund	244,184,576
17 MHRH Central Pharmacy Internal Service Fund	10,332,218
18 MHRH Laundry Services Internal Service Fund	1,407,510
19 Corrections General Services & Warehouse	
20 Internal Service Fund	6,126,014
21 Corrections Howard Center Telephone Operations	
22 Internal Service Fund	707,955
23 Correctional Industries Internal Service Fund	6,945,525
24 Secretary of State Record Center Internal Service Fund	1,156,600

25 (b) The Governor shall include as part of the FY 2008 budget, a description of these
 26 accounts, their purposes, and the efficacy of continuing them.

27 SECTION 17. This article shall take effect as of July 1, 2006.

ARTICLE 2 SUBSTITUTE A

RELATING TO BORROWING IN ANTICIPATION OF RECEIPTS FROM TAXES

SECTION 1. The State of Rhode Island is hereby authorized to borrow during its fiscal year ending June 30, 2007, in anticipation of receipts from taxes such sum or sums, at such time or times and upon such terms and conditions not inconsistent with the provisions and limitations of Section 17 of Article VI of the constitution of Rhode Island, as the general treasurer, with the advise of the Governor, shall deem for the best interests of the state, provided that the amounts so borrowed shall not exceed two hundred and fifty million dollars (\$250,000,000), at any time outstanding. The state is hereby further authorized to give its promissory note or notes signed by the general treasurer and counter-signed by the secretary of state for the payment of any sum so borrowed. Any such proceeds shall be invested by the general treasurer until such time as they are needed. The interest income earned from such investments shall be used to pay the interest on the promissory note or notes, and any expense of issuing the promissory note or notes, with the balance remaining at the end of said fiscal year, if any, shall be used toward the payment of long-term debt service of the state, unless prohibited by federal law or regulation.

Notwithstanding any other authority to the contrary, duly authorized bonds or notes of the state issued during the fiscal year ending June 30, 2007 may be issued in the form of commercial paper, so-called. In connection herewith, the state, acting through the general treasurer, may enter into agreements with banks, trust companies or other financial institutions within or outside the state, whether in the form of letters or lines of credit, liquidity facilities, insurance or other support arrangements. Any notes issued as commercial paper shall be in such amounts and bear such terms as the general treasurer, with the advice of the governor, shall determine, which may include provisions for prepayment at any time with or without premium at the option of the state. Such notes may be sold at a premium or discount, and may bear interest or not and, if interest bearing, may bear interest at such rate or rates variable from time to time as determined by the Federal Reserve Bank Composite Index of Commercial Paper, or the Municipal Market Data General Market Index or other similar commercial paper offerings, or other method specified in any agreement with brokers for the placement or marketing of any such notes issued as commercial paper, or other like agreements. Any such agreement may also include such other covenants and provisions for protecting the rights, security and remedies of the lenders as may, in

1 the discretion of the general treasurer, be reasonable, legal and proper. The general treasurer may
2 also enter into agreements with brokers for the placement or marketing of any such notes of the
3 state issued as commercial paper. Any notes to the state issued as commercial paper in
4 anticipation of receipts from taxes in any fiscal year must also be issued in accordance with the
5 provisions of Section 17 of Article VI of the constitution of Rhode Island and within the
6 limitations set forth in Section 1 of this act.

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

ARTICLE 3 SUBSTITUTE A AS AMENDED

RELATING TO MAKING REVISED APPROPRIATIONS FOR THE SUPPORT OF THE
STATE FOR FISCAL YEAR ENDING JUNE 30, 2006

SECTION 1. Subject to the conditions, limitations and restrictions hereinafter contained in this act, the following general revenue amounts are hereby appropriated out of any money in the treasury not otherwise appropriated to be expended during the fiscal year ending June 30, 2006. The amounts identified for federal funds and restricted receipts shall be made available pursuant to Section 35-4-22 and Chapter 42-41 of the Rhode Island General Laws. For the purposes and functions hereinafter mentioned, the state controller is hereby authorized and directed to draw his or her orders upon the general treasurer for the payment of such sums or such portions thereof as may be required from time to time upon receipt by him or her of properly authenticated vouchers.

	FY 2006	FY 2006	FY 2006
	<u>Enacted</u>	<u>Change</u>	<u>Final</u>
Administration			
<i>Central Management</i>			
General Revenues	1,775,142	110,732	1,885,874
Federal Funds	323,069	29,738	352,807
Restricted Receipts	99,807	47,001	146,808
Total - Central Management	2,198,018	187,471	2,385,489
<i>Legal Services</i> General Revenues	2,163,909	(17,085)	2,146,824
<i>Accounts and Control</i> General Revenues	4,264,946	139,156	4,404,102
<i>Budgeting</i> General Revenues	3,057,986	(28,973)	3,029,013
<i>Purchasing</i> General Revenues	2,102,230	196,796	2,299,026
<i>Auditing</i> General Revenues	1,801,761	(130,000)	1,671,761
<i>Human Resources</i> General Revenues	6,554,273	19,646	6,573,919
<i>Personnel Appeal Board</i> General Revenues	93,666	(2,621)	91,045
<i>Taxation</i>			
General Revenues	18,223,648	(13,892)	18,209,756
Federal Funds	1,093,904	50,730	1,144,634

1	Restricted Receipts	837,732	(68,663)	769,069
2	Intermodal Surface Transportation Funds			
3	Motor Fuel Tax Evasion Program	56,487	(22,337)	34,150
4	Temporary Disability Insurance	805,858	39,638	845,496
5	Total – Taxation	21,017,629	(14,524)	21,003,105
6	<i>Registry of Motor Vehicles</i>			
7	General Revenues	16,381,072	579,942	16,961,014
8	Federal Funds	246,798	615,041	861,839
9	Restricted Receipts	17,166	(1,083)	16,083
10	Total – Registry of Motor			
11	Vehicles	16,645,036	1,193,900	17,838,936
12	<i>Facilities Management</i>			
13	General Revenues	11,197,657	2,831,473	14,029,130
14	Federal Funds	17,070,908	1,281,342	18,352,250
15	Restricted Receipts	1,522,448	(454,840)	1,067,608
16	Total – Facilities Management	29,791,013	3,657,975	33,448,988
17	<i>Capital Projects and Property Management</i>			
18	General Revenues	2,737,301	544,581	3,281,882
19	<i>Information Technology</i>			
20	General Revenues	2,470,752	3,862,863	6,333,615
21	Federal Funds	-	428,000	428,000
22	Total – Information Technology	2,470,752	4,290,863	6,761,615
23	<i>Office of Library and Information Services</i>			
24	General Revenues	1,007,261	-	1,007,261
25	Federal Funds	1,396,535	-	1,396,535
26	Restricted Receipts	8,000	(3,500)	4,500
27	Total - Office of Library and			
28	Information Services	2,411,796	(3,500)	2,408,296
29	<i>Planning</i>			
30	General Revenues	1,684,772	3,936,486	5,621,258
31	Federal Funds	5,045,062	2,145,755	7,190,817
32	Intermodal Surface Transportation Funds			
33	Federal Highway - PL Systems			
34	Planning	1,477,838	355,418	1,833,256

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1	Airr Quality Modeling	20,800	-	20,800	
2	Total - Planning		8,228,472	6,437,659	14,666,131
3	<i>Security Services</i> General Revenues		17,022,922	1,416,256	18,439,178
4	<i>General</i>				
5	General Revenues				
6	Domestic Partners Settlement		-	474,864	474,864
7	Information Processing				
8	Overhead	870,000	-	-	870,000
9	Miscellaneous Grants	355,000	-	-	355,000
10	Property Tax Relief Credit	10,000,000	(10,000,000)	-	-
11	Rhode Island Sports Foundation	300,000	-	-	300,000
12	Torts – Courts	400,000	-	-	400,000
13	Contingency Fund	1,500,000	(820,867)	-	679,133
14	State Employees/Teachers				
15	Retiree Health	7,850,206	698,681	-	8,548,887
16	Economic Development				
17	Corporation	7,326,287	(159,307)	-	7,166,980
18	Asset Inventory -			98,613	98,613
19	Economic Policy Council	300,000	-	-	300,000
20	Centers of Excellence	3,000,000	-	-	3,000,000
21	Housing Resources Commission	3,629,496	(3,629,496)	-	-
22	Neighborhood Opportunities				
23	Program	-		97,499	97,499
24	Motor Vehicle Excise Tax				
25	Payment	112,285,745	5,489,101	-	117,774,846
26	Property Valuation	1,000,000	212,288	-	1,212,288
27	General Revenue Sharing				
28	Program	65,347,910	(373,907)	-	64,974,003
29	Payment in Lieu of Tax Exempt				
30	Properties	26,975,194	-	-	26,975,194
31	Distressed Communities Relief				
32	Program	9,966,667	673,056	-	10,639,723
33	Resource Sharing and State				
34	Library Aid	8,441,076	-	-	8,441,076

1	Library Construction Aid	2,651,643	-	2,651,643
2	Federal Funds	255,573	-	255,573
3	Restricted Receipts	1,116,850	166,497	1,283,347
4	Rhode Island Capital Plan Funds			
5	Chapin Health			
6	Laboratory	125,000	(67,539)	57,461
7	Cannon Building	150,000	(90,337)	59,663
8	Veterans Auditorium	1,150,000	-	1,150,000
9	Old State House	398,700	(368,700)	30,000
10	State Office Building	500,000	(60,619)	439,381
11	Veterans' Office			
12	Building	350,000	54,418	404,418
13	Old Colony House	200,000	(80,000)	120,000
14	Washington County			
15	Government Center	50,000	215,170	265,170
16	William Powers			
17	Administration Building	500,000	492,852	992,852
18	State House			
19	Renovations – Phase II	1,000,000	52,760	1,052,760
20	State House			
21	Renovations – Phase III	-	153,315	153,315
22	Powers Building			
23	Technology Infrastructure	450,000	(450,000)	-
24	Environmental			
25	Compliance	300,000	(64,124)	235,876
26	Fox Point Hurricane			
27	Barrier	50,000	-	50,000
28	Cranston Street			
29	Armory Exterior	500,000	2,600,594	3,100,594
30	Eisenhower House	50,000	-	50,000
31	Fire Code Compliance			
32	State Buildings	1,000,000	(950,000)	50,000
33	State House			
34	Terrace/South Stairs	-	21,823	21,823

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STATE FOR FISCAL YEAR ENDING JUNE 30, 2006

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1	Lead Mitigation			
2	Group Homes	250,000	(250,000)	-
3	Pastore Center			
4	Sewer	-	1,077,324	1,077,324
5	McCoy Stadium	1,480,000	(1,480,000)	-
6	Bio-Tech Training			
7	Lab Planning	-	200,000	200,000
8	Elderly Affairs One			
9	Stop Elder Center	25,000	-	25,000
10	Total – General	272,100,347	(6,066,041)	266,034,306
11	<i>Debt Service Payments</i>			
12	General Revenues	83,189,918	(11,775,523)	71,414,395
13	Federal Funds	1,123,536	54,318	1,177,854
14	Restricted Receipts	6,648,590	(5,620,634)	1,027,956
15	Rhode Island Capital Plan Funds			
16	MHRH Community			
17	Services Program	5,750,722	26,630	5,777,352
18	MHRH Community			
19	Mental Health Program	2,246,987	132,684	2,379,671
20	DEM – Narragansett			
21	Bay Commission	1,973,944	(46,486)	1,927,458
22	Debt Service –			
23	CWFA	2,797,577	212,315	3,009,892
24	DEM Debt			
25	Service – Recreation	10,232,831	269,988	10,502,819
26	DEM – Wastewater			
27	Treatment	4,162,000	28,002	4,190,002
28	DEM – Hazardous			
29	Waste	1,115,646	1,335,872	2,451,518
30	Water Resources			
31	Board	2,156,936	137,171	2,294,107
32	URI GO Debt			
33	Service	5,643,500	(5,643,500)	-
34	RIC	514,787	(514,787)	-

1	CCRI GO Debt			
2	Service	1,438,040	(1,438,040)	-
3	DOA – Third Rail			
4	Project – Quonset Point	1,367,030	(1,367,030)	-
5	Intermodal Surface Transportation Funds			
6	RIPTA Debt Service	685,240	(35,487)	649,753
7	Transportation Debt Service	31,596,609	5,210,834	36,807,443
8	Temporary Disability Insurance Fund			
9	RIRBA - DLT – Temporary			
10	Disability Insurance	45,586	-	45,586
11	COPS - DLT Building – TDI	362,820	(7,002)	355,818
12	Reed Act Funds -- COPS - DLT Building –			
13	Reed Act	36,990	(10,670)	26,320
14	University and College Funds			
15	URI Education and			
16	General	1,088,999	(1,088,999)	-
17	URI Housing			
18	Loan Funds	1,751,951	(1,751,951)	-
19	URI Dining Services	266,889	(266,889)	-
20	URI Health Services	126,218	(126,218)	-
21	W. Alton Jones Services	112,766	(112,766)	-
22	URI Memorial Union	98,277	(98,277)	-
23	URI Sponsored Research			
24	(Indirect Cost)	101,334	(101,334)	-
25	RIC Education and			
26	General	296,614	(296,614)	-
27	RIC Housing	568,191	(568,191)	-
28	RIC Student Center and			
29	Dining	177,951	(177,951)	-
30	RIC Student Union	217,171	(217,171)	-
31	CCRI Bookstore	177,092	(177,092)	-
32	Total - Debt Service			
33	Payments	168,072,742	(24,034,798)	144,037,944
34	<i>Retirement Alternative</i>			

1	General Revenues	(1,658,427)	1,658,427	-
2	Federal Funds	(666,889)	666,889	-
3	Restricted Receipts	(105,391)	105,391	-
4	Other Funds	(302,821)	302,821	-
5	Total – Retirement Alternative	(2,733,528)	2,733,528	-
6	<i>Pay Plan Reserve</i> General Revenues	33,000,000	(33,000,000)	-
7	<i>Lottery Division</i> Lottery Funds	-	210,312,897	210,312,897
8	Grand Total – Administration	593,001,271	167,833,186	760,834,457
9	Business Regulation			
10	<i>Central Management</i> General Revenues	1,733,036	97,167	1,830,203
11	<i>Banking Regulation</i> General Revenues	1,758,524	90,540	1,849,064
12	<i>Securities Regulation</i> General Revenues	817,326	58,592	875,918
13	<i>Commercial Licensing and Regulation</i>			
14	General Revenues	1,253,819	(97,847)	1,155,972
15	Restricted Receipts	100,000	-	100,000
16	Total - Commercial Licensing			
17	and Regulation	1,353,819	(97,847)	1,255,972
18	<i>Racing and Athletics</i> General Revenues	417,172	91,213	508,385
19	<i>Insurance Regulation</i>			
20	General Revenues	4,415,873	(245,896)	4,169,977
21	Restricted Receipts	708,362	(14,266)	694,096
22	Total - Insurance Regulation	5,124,235	(260,162)	4,864,073
23	<i>Board of Accountancy</i> General Revenues	139,494	10,571	150,065
24	Grand Total - Business			
25	Regulation	11,343,606	(9,926)	11,333,680
26	Labor and Training			
27	<i>Central Management</i>			
28	General Revenues	423,321	(152,729)	270,592
29	Restricted Receipts	836,481	59,492	895,973
30	Total - Central Management	1,259,802	(93,237)	1,166,565
31	<i>Workforce Development Services</i>			
32	General Revenues	673,000	(380,000)	293,000
33	Federal Funds	14,134,648	5,427,898	19,562,546
34	Restricted Receipts	7,963,073	488,972	8,452,045

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1	Reed Act Funds			
2	Rapid Job Entry	1,650,413	(636,301)	1,014,112
3	Woonsocket			
4	NetworkRI Office	-	556,898	556,898
5	Workforce			
6	Development	5,534,438	(149,236)	5,385,202
7	Of the \$7.0 million appropriated from Other Reed Act funds, \$1.0 million may be used			
8	solely for the Rapid Job Entry Program to engage welfare recipients in employment preparation			
9	and placement through employment assessment workshop and job club/job search workshop			
10	activities; \$556,898 may be used solely for netWORKri office renovations; and \$5.4 million may			
11	be used solely for the administration of this state's employment compensation law and public			
12	employment offices.			
13	Total - Workforce Development			
14	Services	29,955,572	5,308,231	35,263,803
15	<i>Workforce Regulation and Safety</i>			
16	General Revenues	3,076,120	122,281	3,198,401
17	<i>Income Support</i>			
18	General Revenues	2,941,805	185,617	3,127,422
19	Federal Funds	14,434,496	1,853,853	16,288,349
20	Restricted Receipts	1,771,717	(178,350)	1,593,367
21	Temporary Disability Insurance			
22	Fund	177,569,683	(5,124,588)	172,445,095
23	Employment Security Fund	204,500,000	6,582,532	211,082,532
24	Total - Income Support	401,217,701	3,319,064	404,536,765
25	<i>Injured Workers Services</i> Restricted Receipts	10,113,250	1,533,691	11,646,941
26	<i>Labor Relations Board</i> General Revenues	327,624	109,054	436,678
27	Grand Total - Labor and			
28	Training	445,950,069	10,299,084	456,249,153
29	Legislature			
30	General Revenues	28,956,307	3,655,213	32,611,520
31	Restricted Receipts	1,272,479	79,025	1,351,504
32	Grand Total – Legislature	30,228,786	3,734,238	33,963,024
33	Lieutenant Governor General Revenues	917,362	41,405	958,767
34	Secretary of State			

1	<i>Administration</i> General Revenues	1,614,280	205,961	1,820,241
2	<i>Corporations</i> General Revenues	1,554,819	193,692	1,748,511
3	<i>State Archives</i>			
4	General Revenues	95,950	3,901	99,851
5	Federal Funds	-	22,500	22,500
6	Restricted Receipts	485,628	(10,735)	474,893
7	Total - State Archives	581,578	15,666	597,244
8	<i>Elections and Civics</i>			
9	General Revenues	379,685	90,594	470,279
10	Federal Funds	981,955	5,296,941	6,278,896
11	Total – Elections	1,361,640	5,387,535	6,749,175
12	<i>State Library</i> General Revenues	698,938	3,286	702,224
13	<i>Office of Public Information</i>			
14	General Revenues	455,798	(51,092)	404,706
15	Grand Total – State	6,267,053	5,755,048	12,022,101
16	General Treasurer			
17	<i>Treasury</i>			
18	General Revenues	2,587,681	(78,421)	2,509,260
19	Federal Funds	269,067	9,625	278,692
20	Restricted Receipts	10,000	-	10,000
21	Temporary Disability Insurance			
22	Fund	274,710	9,923	284,633
23	Total – Treasury	3,141,458	(58,873)	3,082,585
24	<i>State Retirement System</i>			
25	State Employees' Retirement			
26	Admin Expenses - State			
27	Retirement System	4,521,572	2,122,738	6,644,310
28	Retirement - Treasury			
29	Investment Operations	703,192	13,494	716,686
30	Total - State Retirement			
31	System	5,224,764	2,136,232	7,360,996
32	<i>Unclaimed Property</i> Restricted Receipts	18,394,382	6,780,618	25,175,000
33	<i>RI Refunding Bond Authority</i> General Revenues	53,011	1,731	54,742
34	<i>Crime Victim Compensation Program</i>			

1	General Revenues	257,980	(19,326)	238,654
2	Federal Funds	1,230,172	829,214	2,059,386
3	Restricted Receipts	1,744,101	(79,524)	1,664,577
4	Total - Crime Victim			
5	Compensation Program	3,232,253	730,364	3,962,617
6	Grand Total – General			
7	Treasurer	30,045,868	9,590,072	39,635,940
8	Boards for Design Professionals			
9	General Revenues	359,516	21,157	380,673
10	Board of Elections			
11	General Revenues	1,421,683	12,454	1,434,137
12	Federal Funds	1,086,873	(57,754)	1,029,119
13	Grand Total - Board of			
14	Elections	2,508,556	(45,300)	2,463,256
15	Rhode Island Ethics Commissions			
16	General Revenues	1,207,394	(16,064)	1,191,330
17	Office of Governor			
18	General Revenues	4,530,495	240,673	4,771,168
19	Intermodal Surface			
20	Transportation Funds	76,187	9,178	85,365
21	Restricted Receipts	-	103,611	103,611
22	Grand Total - Office of			
23	Governor	4,606,682	353,462	4,960,144
24	Public Utilities Commission			
25	General Revenues	710,111	(16,567)	693,544
26	Federal Funds	75,437	8,125	83,562
27	Restricted Receipts	5,634,792	187,586	5,822,378
28	Grand Total - Public Utilities			
29	Commission	6,420,340	179,144	6,599,484
30	Rhode Island Commission on Women			
31	General Revenues	86,557	5,263	91,820
32	Children, Youth, and Families			
33	<i>Central Management</i>			
34	General Revenues	8,238,151	261,809	8,499,960

1	Federal Funds	3,997,779	(4,105)	3,993,674
2	Total - Central Management	12,235,930	257,704	12,493,634
3	<i>Children's Behavioral Health Services</i>			
4	General Revenues	30,777,152	3,811,574	34,588,726
5	Federal Funds	31,564,022	4,902,413	36,466,435
6	Rhode Island Capital Plan Funds			
7	Grodan Center –			
8	Mt. Hope	79,660	-	79,660
9	Total - Children's Behavioral			
10	Health Services	62,420,834	8,713,987	71,134,821
11	<i>Juvenile Correctional Services</i>			
12	General Revenues	30,019,893	2,047,243	32,067,136
13	Federal Funds	2,918,837	510,051	3,428,888
14	Restricted Receipts	4,500	640,980	645,480
15	Rhode Island Capital Plan Funds			
16	Girl's Facility –			
17	Training School	1,275,000	(575,000)	700,000
18	Community Facilities –			
19	Training Schools	725,000	(725,000)	-
20	NAFI Center	50,000	(50,000)	-
21	Total - Juvenile Correctional			
22	Services	34,993,230	1,848,274	36,841,504
23	<i>Child Welfare</i>			
24	General Revenues	95,443,297	(2,742,636)	92,700,661
25	Federal Funds	71,290,686	2,091,014	73,381,700
26	Restricted Receipts	1,623,901	15,519	1,639,420
27	RICAP – Fire Code Upgrades	500,000	(450,000)	50,000
28	Total - Child Welfare			
29	<i>Higher Education Incentive Grants</i>			
30	General Revenues	200,000	-	200,000
31	Grand Total - Children,			
32	Youth, and Families	278,707,878	9,733,862	288,441,740
33	Elderly Affairs			
34	General Revenues			

1	General Revenues	15,436,299	(108,960)	15,327,339
2	RIPAE	5,656,668	894,332	6,551,000
3	Safety and Care of the Elderly	600	-	600
4	Federal Funds	13,910,687	1,547,183	15,457,870
5	Restricted Receipts	3,325,000	(925,000)	2,400,000
6	Intermodal Surface			
7	Transportation Fund	4,760,000	-	4,760,000
8	Grand Total - Elderly Affairs	43,089,254	1,407,555	44,496,809
9	Health			
10	<i>Central Management</i>			
11	General Revenues	7,066,701	770,278	7,836,979
12	Federal Funds	4,291,813	2,724,143	7,015,956
13	Restricted Receipts	3,795,332	292,985	4,088,317
14	Total - Central Management	15,153,846	3,787,406	18,941,252
15	<i>State Medical Examiner</i>			
16	General Revenues	1,830,258	41,856	1,872,114
17	Federal Funds	137,846	88,365	226,211
18	Total - State Medical Examiner	1,968,104	130,221	2,098,325
19	<i>Family Health</i>			
20	General Revenues	2,213,925	(55,528)	2,158,397
21	Federal Funds	30,854,716	(351,139)	30,503,577
22	Restricted Receipts	5,707,238	565,261	6,272,499
23	Total - Family Health	38,775,879	158,594	38,934,473
24	<i>Health Services Regulation</i>			
25	General Revenues	4,962,160	213,337	5,175,497
26	Federal Funds	5,730,052	(59,409)	5,670,643
27	Restricted Receipts	380,453	(5,790)	374,663
28	Total - Health Services			
29	Regulation	11,072,665	148,138	11,220,803
30	<i>Environmental Health</i>			
31	General Revenues	4,696,140	(145,384)	4,550,756
32	Federal Funds	4,415,280	299,388	4,714,668
33	Restricted Receipts	1,606,049	303,359	1,909,408
34	Total - Environmental Health	10,717,469	457,363	11,174,832

1	<i>Health Laboratories</i>			
2	General Revenues	6,000,295	127,285	6,127,580
3	Federal Funds	1,986,255	906,101	2,892,356
4	Total - Health Laboratories	7,986,550	1,033,386	9,019,936
5	<i>Disease Prevention and Control</i>			
6	General Revenues	5,059,834	4,685,347	9,745,181
7	Federal Funds	19,386,915	534,565	19,921,480
8	Restricted Receipts	91,000	(91,000)	-
9	National Highway Traffic Safety Funds			
10	Child Safety Program	87,076	(87,076)	-
11	Walkable Communities			
12	Initiative	28,000	1,960	29,960
13	Total - Disease			
14	Prevention and Control	24,652,825	5,043,796	29,696,621
15	Grand Total – Health	110,327,338	10,758,904	121,086,242
16	Human Services			
17	<i>Central Management</i>			
18	General Revenues	8,889,833	(157,996)	8,731,837
19	Federal Funds	6,649,429	17,086	6,666,515
20	Restricted Receipts	2,710,000	(743,562)	1,966,438
21	Total - Central Management	18,249,262	(884,472)	17,364,790
22	<i>Child Support Enforcement</i>			
23	General Revenues	3,463,716	150,557	3,614,273
24	Federal Funds	6,997,863	324,946	7,322,809
25	Total – Child Support			
26	Enforcement	10,461,579	475,503	10,937,082
27	<i>Individual and Family Support</i>			
28	General Revenues	22,791,531	571,818	23,363,349
29	Federal Funds	54,905,850	(111,192)	54,794,658
30	Restricted Receipts	88,625	3,319	91,944
31	Rhode Island Capital Plan Funds			
32	Blind Vending	50,000	-	50,000
33	Total - Individual and Family Support	77,836,006	463,945	78,299,951
34	<i>Veterans' Affairs</i>			

1	General Revenues	17,891,642	763,688	18,655,330
2	Federal Funds	6,958,291	(296,343)	6,661,948
3	Restricted Receipts	2,398,295	226,222	2,624,517
4	Total - Veterans' Affairs	27,248,228	693,567	27,941,795
5	<i>Health Care Quality, Financing and Purchasing</i>			
6	General Revenues	29,542,024	(8,368,043)	21,173,981
7	Federal Funds	43,427,720	921,135	44,348,855
8	Restricted Receipts	400,702	139,446	540,148
9	Total - Health Care Quality,			
10	Financing & Purchasing	73,370,446	(7,307,462)	66,062,984
11	<i>Medical Benefits</i>			
12	General Revenues			
13	Hospitals	113,645,903	3,016,530	116,662,433
14	Nursing Facilities	137,117,647	(2,093,847)	135,023,800
15	Managed Care	199,614,408	(16,692,451)	182,921,957
16	Special Education	16,631,706	(16,631,706)	-
17	Pharmacy	67,453,544	(2,291,918)	65,161,626
18	Other	62,855,309	3,087,825	65,943,134
19	Federal Funds			
20	Hospitals	133,566,006	2,271,561	135,837,567
21	Nursing Facilities	165,492,754	(2,516,554)	162,976,200
22	Managed Care	245,193,520	953,723	246,147,243
23	Special Education	20,068,294	-	20,068,294
24	Pharmacy	80,340,270	(24,901,896)	55,438,374
25	Other	77,982,175	1,612,438	79,594,613
26	Restricted Receipts	15,000	-	15,000
27	Total - Medical Benefits	1,319,976,536	(54,186,295)	1,265,790,241
28	<i>Supplemental Security Income Program</i>			
29	General Revenues	28,195,198	(585,570)	27,609,628
30	<i>Family Independence Program</i>			
31	General Revenues			
32	Child Care	48,725,584	(6,531,417)	42,194,167
33	TANF/Family Independence			
34	Program	13,316,549	(470,852)	12,845,697

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1	Federal Funds	82,864,462	6,936,219	89,800,681
2	Total - Family Independence			
3	Program	144,906,595	(66,050)	144,840,545
4	<i>State Funded Programs</i>			
5	General Revenues			
6	General Public Assistance	3,014,942	532,086	3,547,028
7	Citizens Participation Program	50,000	-	50,000
8	Federal Funds	78,578,921	1,827,359	80,406,280
9	Total - State Funded Programs	81,643,863	2,359,445	84,003,308
10	Grand Total –			
11	Human Services	1,781,887,713	(59,037,389)	1,722,850,324
12	Mental Health, Retardation, and Hospitals			
13	<i>Central Management</i> General Revenues	2,448,761	(179,211)	2,269,550
14	<i>Hospital and Community System Support</i>			
15	General Revenues	22,883,374	5,711,380	28,594,754
16	Federal Funds	-	61,110	61,110
17	Rhode Island Capital Plan Funds			
18	Utilities Upgrade	500,000	383,937	883,937
19	Medical Center			
20	Rehabilitation	400,000	(25,402)	374,598
21	Utility Systems			
22	Water Tanks and Pipes	250,000	81,199	331,199
23	Central Power Plant			
24	Rehabilitation	100,000	135,944	235,944
25	Community Facilities -			
26	Fire Code	1,500,000	(1,200,000)	300,000
27	Pastore Center Fire			
28	Code Compliance	500,000	(400,000)	100,000
29	DD Private Waiver			
30	Community Facilities			
31	Fire Code Upgrades	-	50,000	50,000
32	Total - Hospital and			
33	Community System			
34	Support	26,133,374	4,798,168	30,931,542

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1	<i>Services for the Developmentally Disabled</i>			
2	General Revenues	110,527,346	418,032	110,945,378
3	Federal Funds	134,325,661	599,134	134,924,795
4	Rhode Island Capital Plan Funds			
5	MR/DD Residential			
6	Development	1,250,000	(324,910)	925,090
7	Regional Center			
8	Repair/Rehabilitation	281,261	(100,000)	181,261
9	MR Community			
10	Facilities	1,250,000	(202,500)	1,047,500
11	Total - Services for the			
12	Developmentally Disabled	247,634,268	389,756	248,024,024
13	<i>Integrated Mental Health Services</i>			
14	General Revenues	41,367,980	1,394,206	42,762,186
15	Federal Funds	37,848,505	175,248	38,023,753
16	Total - Integrated Mental Health			
17	Services	79,216,485	1,569,454	80,785,939
18	<i>Hospital and Community Rehabilitation Services</i>			
19	General Revenues	47,515,173	2,284,071	49,799,244
20	Federal Funds	55,069,510	108,424	55,177,934
21	Rhode Island Capital Funds			
22	Zambarano Buildings			
23	and Utilities	180,000	17,052	197,052
24	Total - Hospital and Community			
25	Rehab. Services	102,764,683	2,409,547	105,174,230
26	<i>Substance Abuse</i>			
27	General Revenues	15,313,055	(26,479)	15,286,576
28	Federal Funds	14,941,629	(126,380)	14,815,249
29	Restricted Receipts	100,000	(10,000)	90,000
30	Rhode Island Capital Plan Funds			
31	Asset Protection	200,000	(74,633)	125,367
32	Total - Substance Abuse	30,554,684	(237,492)	30,317,192
33	Grand Total – Mental Health,			
34	Retardation, and Hospitals	488,752,255	8,750,222	497,502,477

1	Office of the Child Advocate			
2	General Revenues	498,621	37,568	536,189
3	Federal Funds	48,060	(37,568)	10,492
4	Grand Total – Office of the			
5	Child Advocate	546,681	-	546,681
6	Commission on the Deaf and Hard of Hearing			
7	General Revenues	307,606	29,478	337,084
8	Federal Funds	45,336	(30,336)	15,000
9	Grand Total - Commission on the			
10	Deaf and Hard of			
11	Hearing	352,942	(858)	352,084
12	RI Developmental Disabilities Council			
13	Federal Funds	511,924	(53,310)	458,614
14	Governor's Commission on Disabilities			
15	General Revenues	531,409	16,912	548,321
16	Federal Funds	116,928	109,511	226,439
17	Restricted Receipts	63,605	22,727	86,332
18	Rhode Island Capital Funds			
19	Facility Renovation	200,000	-	200,000
20	Grand Total - Governor's			
21	Commission on Disabilities	911,942	149,150	1,061,092
22	Commission for Human Rights			
23	General Revenues	979,397	26,511	1,005,908
24	Federal Funds	269,705	42,777	312,482
25	Grand Total - Commission for			
26	Human Rights	1,249,102	69,288	1,318,390
27	Mental Health Advocate			
28	General Revenues	351,329	30,503	381,832
29	Elementary and Secondary Education			
30	<i>Administration of the Comprehensive Education Strategy</i>			
31	General Revenues	20,204,757	(174,051)	20,030,706
32	Federal Funds	174,784,555	967,330	175,751,885
33	Restricted Receipts	2,797,497	(654,601)	2,142,896
34	University and College Funds			

1	Vision Services	140,000	-	140,000
2	Rhode Island Capital Plan Funds			
3	Chariho Well Water	-	70,886	70,886
4	State-Owned Schools			
5	Fire Alarm	-	20,440	20,440
6	Total – Administration of the Comprehensive			
7	Education Strategy	197,926,809	230,004	198,156,813
8	<i>Davies Career and Technical School</i>			
9	General Revenues	12,810,692	355,701	13,166,393
10	Federal Funds	1,359,370	148,666	1,508,036
11	Restricted Receipts	2,000	10,000	12,000
12	Rhode Island Capital Plan Funds			
13	Davies HVAC	137,280	-	137,280
14	Total - Davies Career			
15	and Technical School	14,309,342	514,367	14,823,709
16	<i>RI School for the Deaf</i>			
17	General Revenues	5,981,028	225,074	6,206,102
18	Federal Funds	382,065	9,551	391,616
19	Rhode Island Capital Plan Funds			
20	School for the Deaf			
21	Planning Funds	200,000	(50,000)	150,000
22	Total - RI School			
23	for the Deaf	6,563,093	184,625	6,747,718
24	<i>Metropolitan Career and Technical School</i>			
25	General Revenues	8,814,530	-	8,814,530
26	<i>Education Aid</i>			
27	General Revenues	642,631,258	1,364,598	643,995,856
28	Federal Funds	2,240,868	(219,082)	2,021,786
29	Restricted Receipts	2,059,733	(225,184)	1,834,549
30	Total – Education Aid	646,931,859	920,332	647,852,191
31	<i>Central Falls School District</i>			
32	General Revenues	41,240,904	599	41,241,503
33	Housing Aid General Revenues	47,172,045	(548,389)	46,623,656
34	Teacher’s Retirement General Revenues	58,632,638	(2,519,590)	56,113,048

1	Grand Total - Elementary and			
2	Secondary Education	1,021,591,220	(1,218,052)	1,020,373,168
3				
4	Public Higher Education			
5	<i>Board of Governors/Office of Higher Education</i>			
6	General Revenues			
7	General Revenues	7,314,286	(275,000)	7,039,286
8	Debt – People Soft Lease	-	1,211,207	1,211,207
9	Federal Funds	3,085,532	-	3,085,532
10	Restricted Receipts	-	502,000	502,000
11	Total - Board of Governors/Office			
12	of Higher Education	10,399,818	1,438,207	11,838,025
13	<i>University of Rhode Island</i>			
14	General Revenues	84,303,400	(1,925,000)	82,378,400
15	University and College Funds			
16	University and College Funds	360,396,663	(7,720,550)	352,676,113
17	Debt-Dining Services	-	319,627	319,627
18	Debt-Educational & General	-	1,728,694	1,728,694
19	Debt-Health Services	-	128,000	128,000
20	Debt-Housing Loan Funds	-	1,751,951	1,751,951
21	Debt-Memorial Union	-	99,663	99,663
22	Debt-Ryan Center	-	2,305,722	2,305,722
23	Debt-Alton Jones Services	-	113,343	113,343
24	Debt-Boss Arena	-	449,144	449,144
25	Debt-Parking Authority	-	647,815	647,815
26	Debt-Sponsored Research			
27	(Ind. Cost)	-	101,816	101,816
28	Rhode Island Capital Plan Funds			
29	Asset Protection	5,200,000	2,455,069	7,655,069
30	Independence Hall	2,600,000	-	2,600,000
31	Chafee Hall PCB			
32	Abatement	-	5,441	5,441
33	Biological Science			
34	Center	-	101,689	101,689

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1	Superfund	1,756,250	1,053,750	2,810,000
2	Debt Service	-	6,807,788	6,807,788
3	Total – University of			
4	Rhode Island	454,256,313	8,423,962	462,680,275

5 Notwithstanding the provisions of Section 35-3-15 of the General Laws, all unexpended
6 or unencumbered balances as of June 30, 2006 relating to the University of Rhode Island are
7 hereby reappropriated to fiscal year 2007.

8 *Rhode Island College*

9	General Revenues			
10	General Revenues	44,980,878	(911,465)	44,069,413
11	RIRBA – Rhode Island College	-	232,093	232,093
12	University and College Funds			
13	University and College Funds	68,837,183	684,859	69,522,042
14	Debt-Education and General	-	294,884	294,884
15	Debt-Housing	-	458,968	458,968
16	Debt-Student Center			
17	& Dining	-	172,136	172,136
18	Debt-Student Union	-	236,112	236,112
19	Rhode Island Capital Plan Funds			
20	Asset Protection /Roofs	1,650,000	1,001,387	2,651,387
21	Debt Service	-	875,676	875,676
22	Total – Rhode Island College	115,468,061	3,044,650	118,512,711

23 Notwithstanding the provisions of Section 35-3-15 of the General Laws, all unexpended
24 or unencumbered balances as of June 30, 2006 relating to Rhode Island College are hereby
25 reappropriated to fiscal year 2007.

26 *Community College of Rhode Island*

27	General Revenues	45,770,273	(324,895)	45,445,378
28	Restricted Receipts	607,689	27,991	635,680
29	University and College Funds			
30	University and College Funds	54,924,341	147,457	55,071,798
31	Debt-Bookstore	-	176,842	176,842
32	Rhode Island Capital Plan Funds			
33	CCRI Newport	-	90,000	90,000
34	Asset Protection	1,050,000	959,571	2,009,571

1	Debt Service	-	1,436,673	1,436,673
2	Total – Community			
3	College of RI	102,352,303	2,513,639	104,865,942
4	Notwithstanding the provisions of section 35-3-15 of the General Laws, all unexpended			
5	or encumbered balances as of June 30, 2006 relating to the Community College of Rhode Island			
6	are hereby reappropriated to fiscal year 2007.			
7	Grand Total – Public Higher			
8	Education	682,476,495	15,420,458	697,896,953
9	RI State Council on the Arts			
10	General Revenues			
11	Operating Support	1,411,498	17,651	1,429,149
12	Grants	1,212,423	-	1,212,423
13	Federal Funds	758,437	(83,575)	674,862
14	Restricted Receipts	600,000	-	600,000
15	Grand Total - RI State			
16	Council on the Arts	3,982,358	(65,924)	3,916,434
17	RI Atomic Energy Commission			
18	General Revenues	765,890	4,360	770,250
19	Federal Funds	325,000	50,000	375,000
20	University and College Funds			
21	URI Sponsored Research	157,049	4,127	161,176
22	Grand Total - RI Atomic			
23	Energy Commission	1,247,939	58,487	1,306,426
24	RI Higher Education Assistance Authority			
25	General Revenues			
26	Needs Based Grants and			
27	Work Opportunities	8,922,769	(2,200,000)	6,722,769
28	Authority Operations and			
29	Other Grants	977,653	28,606	1,006,259
30	Federal Funds	12,390,339	2,189,839	14,580,178
31	Tuition Savings Program –			
32	Administration	6,398,486	410,462	6,808,948
33	Grand Total - Higher Education			
34	Assistance Authority	28,689,247	428,907	29,118,154

1	RI Historical Preservation and Heritage Commission			
2	General Revenues	1,410,602	4,683	1,415,285
3	Federal Funds	583,881	21,762	605,643
4	Restricted Receipts	236,662	323,806	560,468
5	Grand Total - Historical			
6	Preservation Comm.	2,231,145	350,251	2,581,396
7	RI Public Telecommunications Authority			
8	General Revenues	1,285,906	30,362	1,316,268
9	Corporation for Public			
10	Broadcasting	756,911	44,038	800,949
11	Rhode Island Capital Plan Funds			
12	Digital TV			
13	Conversion	-	1,736,387	1,736,387
14	Grand Total – RI Public			
15	Telecommunications Authority	2,042,817	1,810,787	3,853,604
16	Attorney General			
17	<i>Criminal</i>			
18	General Revenues	11,762,923	860,813	12,623,736
19	Federal Funds	1,034,894	162,519	1,197,413
20	Restricted Receipts	360,199	107,476	467,675
21	Total – Criminal	13,158,016	1,130,808	14,288,824
22	<i>Civil</i>			
23	General Revenues	3,672,422	567,647	4,240,069
24	Restricted Receipts	501,733	17,501	519,234
25	Total – Civil	4,174,155	585,148	4,759,303
26	<i>Bureau of Criminal Identification</i>			
27	General Revenues	849,017	94,956	943,973
28	Federal Funds	123,650	147,218	270,868
29	Total - Bureau of Criminal			
30	Identification	972,667	242,174	1,214,841
31	<i>General</i>			
32	General Revenues	1,946,801	208,546	2,155,347
33	Rhode Island Capital Plan Funds			
34	Building Renovations			

1	and Repairs	271,000	194,578	465,578
2	Total – General	2,217,801	403,124	2,620,925
3	Grand Total - Attorney General	20,522,639	2,361,254	22,883,893
4	Corrections			
5	<i>Central Management</i>			
6	General Revenues	10,422,167	200,656	10,622,823
7	Federal Funds	399,595	26,349	425,944
8	Total - Central Management	10,821,762	227,005	11,048,767
9	<i>Parole Board</i>			
10	General Revenues	1,140,970	71,609	1,212,579
11	Federal Funds	33,000	12,045	45,045
12	Total - Parole Board	1,173,970	83,654	1,257,624
13	<i>Institutional Corrections</i>			
14	General Revenues	123,003,047	11,942,912	134,945,959
15	Federal Funds	7,126,791	2,383,524	9,510,315
16	Restricted Receipts	-	2,812	2,812
17	Rhode Island Capital Plan Funds			
18	Perimeter/Security			
19	Upgrades	83,198	62,500	145,698
20	Fire Code Safety			
21	Improvements	200,000	100,000	300,000
22	Security Camera			
23	Installation	400,000	(400,000)	-
24	Reintegration Center			
25	State Match	390,000	150,000	540,000
26	General Renovations			
27	- Maximum	550,000	(316,432)	233,568
28	General Renovations			
29	– Women’s	1,000,000	355,160	1,355,160
30	Women’s Bath Room			
31	Renovations	450,000	(337,382)	112,618
32	Bernadette Guay Bldg.			
33	Roof	200,000	(142,898)	57,102
34	Heating and Temperature			

1	Control	342,000	(15,791)	326,209
2	Medium HVAC			
3	Renovations	31,000	(31,000)	-
4	Minimum – Infrastructure			
5	Improvements	100,000	(100,000)	-
6	High – Infrastructure			
7	Improvements	200,000	-	200,000
8	Medium – Price:			
9	Window/HVAC	215,000	(215,000)	-
10	MIS/Admin Units			
11	Relocation	50,000	(50,000)	-
12	Total - Institutional Corrections	134,341,036	13,388,405	147,729,441
13	<i>Community Corrections</i>			
14	General Revenues	12,372,991	355,437	12,728,428
15	Federal Funds	1,914,414	(345,769)	1,568,645
16	Total – Community Corrections	14,287,405	9,668	14,297,073
17	Grand Total –			
18	Corrections	160,624,173	13,708,732	174,332,905
19	Judiciary			
20	<i>Supreme Court</i>			
21	General Revenues			
22	General Revenues	21,602,151	1,448,573	23,050,724
23	Defense of Indigents	3,016,818	-	3,016,818
24	Federal Funds	185,399	195,926	381,325
25	Restricted Receipts	960,921	121,376	1,082,297
26	Rhode Island Capital Plan Funds			
27	Fogarty			
28	Interior/Exterior	-	22,969	22,969
29	Licht Foundation	-	35,000	35,000
30	Blackstone Valley			
31	Courthouse Study	100,000	55,000	155,000
32	McGrath Judicial			
33	Complex Exterior	125,000	(92,998)	32,002
34	Judicial HVAC	475,000	5,271	480,271

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STATE FOR FISCAL YEAR ENDING JUNE 30, 2006

1	Licht Window			
2	Restoration	550,000	275,000	825,000
3	Total - Supreme Court	27,015,289	2,066,117	29,081,406
4	<i>Superior Court</i>			
5	General Revenues	18,138,389	706,367	18,844,756
6	Federal Funds	567,518	160,918	728,436
7	Total - Superior Court	18,705,907	867,285	19,573,192
8	<i>Family Court</i>			
9	General Revenues	13,917,290	1,445,014	15,362,304
10	Federal Funds	2,376,178	1,273,501	3,649,679
11	Restricted Receipts	142,010	(142,010)	-
12	Total - Family Court	16,435,478	2,576,505	19,011,983
13	<i>District Court</i>			
14	General Revenues	8,650,732	676,435	9,327,167
15	Federal Funds	-	6,431	6,431
16	Total - District Court	8,650,732	682,866	9,333,598
17	<i>Traffic Tribunal</i> General Revenues	6,862,587	212,221	7,074,808
18	<i>Workers' Compensation Court</i>			
19	Restricted Receipts	6,287,111	866,846	7,153,957
20	Grand Total – Judiciary	83,957,104	7,271,840	91,228,944
21	Military Staff			
22	<i>National Guard</i>			
23	General Revenues	1,759,766	202,281	1,962,047
24	Federal Funds	6,804,799	1,212,820	8,017,619
25	Restricted Receipts	145,000	-	145,000
26	Rhode Island Capital Plan Funds			
27	Command Readiness			
28	Center - HVAC	12,500	(12,500)	-
29	Command Readiness			
30	Center - Roof	30,000	(30,000)	-
31	Benefit Street Arsenal			
32	Rehabilitation	225,695	(208,695)	17,000
33	Emergency Operations			
34	Center	-	10,000	10,000

Art3

1	Schofield Armory			
2	Rehabilitation	200,000	-	200,000
3	Combine Support			
4	Maintenance Shop	25,000	(25,000)	-
5	Army Aviation Support			
6	Facility	25,000	(25,000)	-
7	AMC – Roof			
8	Replacement	50,000	(45,672)	4,328
9	Camp Fogarty Training			
10	Site	40,000	(40,000)	-
11	State Armories Fire			
12	Code Comp	106,250	(31,250)	75,000
13	Federal Armories Fire			
14	Code Comp	46,875	(46,875)	-
15	Logistics/Maint Facilities			
16	Fire Code Comp	37,505	(37,505)	-
17	Total - National Guard	9,508,390	922,604	10,430,994
18	<i>Emergency Management</i>			
19	General Revenues	572,047	200,731	772,778
20	Federal Funds	19,675,832	12,287,106	31,962,938
21	Restricted Receipts	276,429	(64,000)	212,429
22	Total - Emergency Management	20,524,308	12,423,837	32,948,145
23	Grand Total –			
24	Military Staff	30,032,698	13,346,441	43,379,139
25	E-911 Emergency Telephone System			
26	General Revenues	4,170,299	(40,382)	4,129,917
27	Federal Funds	219,000	85,936	304,936
28	Restricted Receipts	1,656,924	170,947	1,827,871
29	Grand Total - E-911 Emergency			
30	Telephone System	6,046,223	216,501	6,262,724
31	Fire Safety Code Board of Appeal and Review			
32	General Revenues	266,894	20,611	287,505
33	State Fire Marshal			
34	General Revenues	2,368,505	(62,475)	2,306,030

1	Federal Funds	341,635	25,663	367,298
2	DEA Forfeiture Funds	12,599	-	12,599
3	Grand Total - State Fire			
4	Marshal	2,722,739	(36,812)	2,685,927
5	Commission on Judicial Tenure and Discipline			
6	General Revenues	106,650	6,761	113,411
7	Rhode Island Justice Commission			
8	General Revenues	253,085	935	254,020
9	Federal Funds	5,451,607	(144,148)	5,307,459
10	Restricted Receipts	30,000	-	30,000
11	Grand Total - Rhode Island			
12	Justice Commission	5,734,692	(143,213)	5,591,479
13	Municipal Police Training Academy			
14	General Revenues	373,710	-	373,710
15	Federal Funds	30,000	87,102	117,102
16	Grand Total - Municipal Police			
17	Training Academy	403,710	87,102	490,812
18	State Police			
19	General Revenues	45,368,538	1,004,146	46,372,684
20	Federal Funds	1,979,224	79,137	2,058,361
21	Restricted Receipts	301,100	55,492	356,592
22	Traffic Enforcement - Municipal			
23	Training	87,922	379,073	466,995
24	Rhode Island Capital Plan Funds			
25	Headquarters			
26	Repairs/Renovations	100,000	(90,000)	10,000
27	Lottery Commission Assistance	140,991	5,519	146,510
28	Road Construction			
29	Reimbursement	2,366,598	-	2,366,598
30	Grand Total –			
31	State Police	50,344,373	1,433,367	51,777,740
32	Office of Public Defender			
33	General Revenues	7,757,125	673,177	8,430,302
34	Federal Funds	237,847	28,222	266,069

1	Grand Total - Office of Public			
2	Defender	7,994,972	701,399	8,696,371
3	Environmental Management			
4	<i>Office of the Director</i>			
5	General Revenues	7,309,360	172,387	7,481,747
6	Federal Funds	1,276,863	-	1,276,863
7	Restricted Receipts	1,734,107	133,500	1,867,607
8	Total – Office of the Director	10,320,330	305,887	10,626,217
9	<i>Natural Resources</i>			
10	General Revenues	17,073,559	1,180,987	18,254,546
11	Federal Funds	16,606,512	56,946	16,663,458
12	Restricted Receipts	3,485,157	43,418	3,528,575
13	DOT Recreational Projects	25,234	-	25,234
14	Blackstone Bikepath Design	1,295,257	-	1,295,257
15	Rhode Island Capital Plan Funds			
16	Recreational Facilities			
17	Improvement	500,000	(200,000)	300,000
18	Dam Repair	739,550	(53,061)	686,489
19	Fort Adams			
20	Rehabilitation	250,000	(200,000)	50,000
21	Great Swamp			
22	Management Area	100,000	(100,000)	-
23	Jamestown Fishing			
24	Pier	250,000	(182,171)	67,829
25	Wickford Marine			
26	Facility	550,000	(25,000)	525,000
27	Galilee Piers Upgrade	200,000	(100,000)	100,000
28	Newport Piers	100,000	(25,000)	75,000
29	Total - Natural Resources	41,175,269	396,119	41,571,388
30	<i>Environmental Protection</i>			
31	General Revenues	11,413,541	390,051	11,803,592
32	Federal Funds	12,306,963	909,935	13,216,898
33	Restricted Receipts	5,175,024	63,876	5,238,900
34	Total - Environmental			

1	Protection	28,895,528	1,363,862	30,259,390
2	Grand Total - Environmental			
3	Management	80,391,127	2,065,868	82,456,995
4	Coastal Resources Management Council			
5	General Revenues	1,580,355	96,650	1,677,005
6	Federal Funds	1,753,000	786,121	2,539,121
7	Restricted Receipts	805,733	9,928	815,661
8	Rhode Island Capital Plan Funds			
9	Allin's Cove	-	50,000	50,000
10	Grand Total - Coastal			
11	Resources Management			
12	Council	4,139,088	942,699	5,081,787
13	State Water Resources Board			
14	General Revenues	1,845,239	(218,360)	1,626,879
15	Federal Funds	500,000	-	500,000
16	Restricted Receipts	338,899	22,893	361,792
17	Rhode Island Capital Plan Funds			
18	Big River Management			
19	Area	119,312	11,844	131,156
20	Grand Total - State Water			
21	Resources Board	2,803,450	(183,623)	2,619,827
22	Transportation			
23	<i>Central Management</i>			
24	Federal Funds	9,608,487	(4,200,280)	5,408,207
25	Intermodal Surface Transportation Funds	3,613,697	35,999	3,649,696
26	Total - Central Management	13,222,184	(4,164,281)	9,057,903
27	<i>Management and Budget</i>			
28	Intermodal Surface Transportation Funds	2,067,463	978,285	3,045,748
29	<i>Infrastructure Engineering – GARVEE/Motor Fuel Tax Bond</i>			
30	Federal Funds	198,244,033	40,534,882	238,778,915
31	Restricted Receipts	6,000	3,055,001	3,061,001
32	Intermodal Surface Transportation Funds	50,814,802	(4,264,041)	46,550,761
33	Land Sale Revenue	4,000,000	2,000,000	6,000,000
34	Rhode Island Capital Plan Funds			

1	RIPTA - Land and			
2	Buildings	250,000	79,547	329,547
3	Pawtucket – Central Falls Train			
4	Station -	-	75,000	75,000
5	State Infrastructure Bank	1,000,000	-	1,000,000
6	Total - Infrastructure –			
7	Engineering	254,314,835	41,480,389	295,795,224
8	<i>Infrastructure Maintenance</i>			
9	Intermodal Surface Transportation Funds	42,259,025	232,209	42,491,234
10	Outdoor Advertising	60,565	14,435	75,000
11	Nonland Surplus Property	-	287,523	287,523
12	Total - Infrastructure			
13	Maintenance	42,319,590	534,167	42,853,757
14	Grand Total –			
15	Transportation	311,924,072	38,828,560	350,752,632
16	Statewide Totals			
17	General Revenues	3,142,080,062	(41,871,330)	3,100,208,732
18	Federal Funds	1,979,496,133	78,594,472	2,058,090,605
19	Restricted Receipt Funds	109,999,095	8,003,823	118,002,918
20	Other Funds	1,118,331,953	222,234,132	1,340,566,085
21	Statewide Grand Total	6,349,907,243	266,961,097	6,616,868,340

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

24 SECTION 3. Section 11 of Article 1 of Chapter 117 of the Public Laws of 2005
25 authorizes the reappropriation of any unexpended funds from the Rhode Island Capital Plan Fund
26 for the purposes for which they were originally appropriated. The following is a listing of those
27 projects completed in FY 2005 for which reappropriated funds are no longer required. The
28 amounts listed are hereby withdrawn and the State Controller is authorized to return these funds
29 to the Rhode Island Capital Plan Fund.

	FY 2006	FY 2006	FY 2006
	<u>Enacted</u>	<u>Balance Forward</u>	<u>Final</u>
31 RICAP Project			
32 Atomic Energy – Reactor Walls Painting	0	1,500	0
33 Education – Davies Roof Repair	0	5,045	0
34 Corrections – Correctional Industries Roof	0	5,926	0

1	DCYF – Spurwink/RI	0	281	0
2	Judicial – Murray Judicial Complex	0	3,379	0

3 SECTION 4. (a) The general assembly authorizes the state controller to establish the
4 internal service accounts shown below, and no other, to finance and account for the operations of
5 state agencies that provide services to other agencies, institutions and other governmental units on
6 a cost reimbursed basis. The purpose of these accounts is to ensure that certain activities are
7 managed in a businesslike manner, promote efficient use of services by making agencies pay the
8 full costs associated with providing the services, and allocate the costs of central administrative
9 services across all fund types, so that federal and other nongeneral fund programs share in the
10 costs of general government support. The controller is authorized to reimburse these accounts for
11 the cost of work or services performed for any other department or agency subject to the
12 following expenditure limitations:

13		FY 2006	FY 2006	FY 2006
14	<u>Account</u>	<u>Enacted</u>	<u>Change</u>	<u>Final</u>
15	State Assessed Fringe Benefit Internal			
16	Service Account	34,134,366	(4,231,111)	29,903,255
17	Administration Central Utilities Internal			
18	Service Account	18,281,440	10,104	18,291,544
19	State Information Processing Internal			
20	Service Account	15,055,779	325,306	15,381,085
21	State Central Mail Internal Service Account	5,198,540	(7,088)	5,191,452
22	State Telecommunications Internal Service			
23	Account	2,639,558	(396,927)	2,242,631
24	State Automotive Fleet Internal Service Account	13,463,673	1,322,372	14,786,045
25	State Surplus Property Internal Service Account	35,000	0	35,000
26	Capitol Police Internal Service Account	479,359	55,778	535,137
27	Health Insurance Internal Service Fund	0	222,760,927	222,760,927
28	MHRH Central Pharmacy Internal Service			
29	Account	10,297,692	(2,926)	10,294,766
30	MHRH Laundry Services Internal Service			
31	Account	1,299,417	34,483	1,333,900
32	Corrections General Services & Warehouse			
33	Internal Service Account	6,161,370	(56,515)	6,104,855
34	Corrections Howard Center Telephone Operations			

1	Internal Service Acct.	890,536	(168,807)	721,729
2	Correctional Industries Internal Service Account	6,508,643	292,405	6,801,048
3	Secretary of State Record Center Internal			
4	Service Account	1,099,918	17,342	1,117,260

5 (b) The Governor shall include as part of the FY 2007 budget, a description of these
6 accounts, their purposes, and the efficacy of continuing them.

7 SECTION 5. Appropriation of Lottery Division Funds – There is hereby appropriated to
8 the Lottery Division any funds required to be disbursed by the Lottery Division for the purposes
9 of awarding winnings for the fiscal year ending June 30, 2006.

10 SECTION 6. Departments and agencies listed below may not exceed the number of full-
11 time equivalent (FTE) positions shown below in any pay period. Full-time equivalent positions
12 do not include seasonal or intermittent positions whose scheduled period of employment does not
13 exceed twenty-six consecutive weeks or whose scheduled hours do not exceed nine hundred and
14 twenty-five (925) hours, excluding overtime, in a one-year period. Nor do they include
15 individuals engaged in training, the completion of which is a prerequisite of employment.
16 Provided, however, that the Governor or designee, Speaker of the House of Representatives or
17 designee, and President of the Senate or designee may authorize an adjustment to any limitation.
18 Prior to the authorization, the State Budget Officer shall make a detailed written recommendation
19 to the Governor, the Speaker of the House, and the President of the Senate. A copy of the
20 recommendation and authorization to adjust shall be transmitted to the chairman of the House
21 Finance Committee, the chairman of the Senate Finance Committee, the House Fiscal Advisor
22 and the Senate Fiscal Advisor.

23 FTE POSITION AUTHORIZATION

24	<u>Departments and Agencies</u>	<u>Full-Time Equivalent</u>
25	Administration	1,200.4 <u>1,269.9</u>
26	Business Regulation	110.0
27	Labor and Training	512.7 <u>510.7</u>
28	Legislature	289.0
29	Lieutenant Governor General	10.0
30	Secretary of State	59.0
31	General Treasurer	87.5
32	Boards for Design Professionals	4.0
33	Board of Elections	15.0
34	Rhode Island Ethics Commission	12.0

1	Office of the Governor	48.5 <u>49.5</u>
2	Public Utilities Commission	46.0
3	Rhode Island Commission on Women	1.0
4	Children, Youth, and Families	849.8
5	Elderly Affairs	52.0
6	Health	499.4
7	Human Services	1,174.4 <u>1,173.4</u>
8	Mental Health, Retardation, and Hospitals	1,992.7
9	Office of the Child Advocate	5.8 <u>6.1</u>
10	Commission on the Deaf and Hard of Hearing	3.0
11	RI Developmental Disabilities Council	2.0
12	Governor's Commission on Disabilities	6.6
13	Commission for Human Rights	15.0
14	Office of the Mental Health Advocate	3.7
15	Elementary and Secondary Education	339.1
16	Office of Higher Education	23.0
17	Provided that 1.0 of the total authorization would be available only for a position that is supported	
18	by third-party funds.	
19	University of Rhode Island	2,561.6
20	Provided that 602.0 of the total authorization would be available only for positions that are	
21	supported by third-party funds.	
22	Rhode Island College	941.2
23	Provided that 82.0 of the total authorization would be available only for positions that are	
24	supported by third-party funds.	
25	Community College of Rhode Island	848.9
26	Provided that 100.0 of the total authorization would be available only for positions that are	
27	supported by third-party funds.	
28	Rhode Island Council on the Arts	8.0
29	RI Atomic Energy Commission	8.6
30	Higher Education Assistance Authority	46.0
31	Historical Preservation and Heritage Commission	17.6
32	Public Telecommunications Authority	22.0
33	Office of the Attorney General	234.5
34	Corrections	1,589.0

1	Judicial	742.0	
2	Military Staff	103.0	<u>105.0</u>
3	E-911 Emergency Telephone System	53.6	
4	Fire Safety Code Bd. of Appeal and Review	3.0	
5	RI State Fire Marshal	38.0	
6	Commission on Judicial Tenure and Discipline	1.0	
7	Rhode Island Justice Commission	9.0	<u>8.5</u>
8	Municipal Police Training Academy	4.0	
9	State Police	282.0	
10	Office of the Public Defender	93.5	
11	Environmental Management	531.3	
12	Coastal Resources Management Council	30.0	
13	Water Resources Board	9.0	
14	Transportation	810.7	<u>809.7</u>
15		Total	16,349.1 <u>16,417.4</u>
16	SECTION 7. This article shall take effect upon passage.		

1 **ARTICLE 4 SUBSTITUTE A**

2 RELATING TO 911 EMERGENCY TELEPHONE SYSTEM SURCHARGE

3 SECTION 1. Section 39-21.1-14 of the General Laws in Chapter 39-21.1 entitled "911
4 Emergency Telephone Number Act" is hereby amended to read as follows:

5 **39-21.1-14. Funding.** – (a) A monthly surcharge of one dollar (\$1.00) is hereby levied
6 upon each residence and business telephone line or trunk or path and data, telephony, Internet,
7 Voice Over Internet Protocol (VoIP) wireline, line, trunk or path in the state including PBX
8 trunks and centrex equivalent trunks and each line or trunk serving, and upon each user interface
9 number or extension number or similarly identifiable line, trunk, or path to or from a digital
10 network (such as, but not exclusive of, integrated services digital network (ISDN), Flexpath or
11 comparable digital private branch exchange, or connecting to or from a customer-based or
12 dedicated telephone switch site (such as, but not exclusive of, a private branch exchange (PBX)),
13 or connecting to or from a customer-based or dedicated central office (such as, but not exclusive
14 of, a centrex system but exclusive of trunks and lines provided to wireless communication
15 companies) that can access to, connect with or interface with the Rhode Island E-911 Uniform
16 Emergency Telephone System (RI E-911). The surcharge shall be billed by each
17 telecommunication services provider at the inception of services and shall be payable to the
18 telecommunication services provider by the subscriber of the services. A monthly surcharge of
19 one dollar (\$1.00) is hereby levied effective July 1, 2002, on each wireless instrument, device or
20 means including prepaid, cellular, telephony, Internet, Voice Over Internet Protocol (VoIP),
21 satellite, computer, radio, communication, data or data only wireless lines or any other wireless
22 instrument, device or means which has access to, connects with, or activates or interfaces or any
23 combination thereof with the E 9-1-1 Uniform Emergency Telephone System. The surcharge
24 shall be in addition to the surcharge collected under § 39-1-62 and shall be billed by each
25 telecommunication services provider and shall be payable to the telecommunication services
26 provider by the subscriber or prepaid services customer. The E-911 Uniform Emergency
27 Telephone System shall establish, by rule or regulation an appropriate funding mechanism to
28 recover from the general body of ratepayers this surcharge.

29 (b) The amount of the surcharge shall not be subject to the tax imposed under chapter 18
30 of title 44 nor be included within the telephone common carrier's gross earnings for the purpose

1 of computing the tax under chapter 13 of title 44.

2 (c) Each telephone common carrier and each telecommunication services provider shall
3 establish a special account to which it shall deposit on a monthly basis the amounts collected as a
4 surcharge under this section.

5 (d) The money collected by each telecommunication services provider shall be
6 transferred within sixty (60) days after its inception of wireline, wireless, prepaid, cellular,
7 telephony, Voice Over Internet Protocol (VoIP), satellite, computer, Internet, or communications
8 services in this state and every month thereafter, to the ~~general treasury~~ [division of taxation](#),
9 together with the accrued interest and shall be deposited in the general fund as general revenue.
10 Any money not transferred in accordance with this paragraph shall be assessed interest at eight
11 percent (8%) per annum from the date the money should have been transferred.

12 (e) Every billed subscriber-user shall be liable for any surcharge imposed under this
13 section until it has been paid to the telephone common carrier or telecommunication services
14 provider. Any surcharge shall be added to and may be stated separately in the billing by the
15 telephone common carrier or telecommunication services provider and shall be collected by the
16 telephone common carrier or telecommunication services provider.

17 (f) Each telephone common carrier and telecommunication services provider shall
18 annually provide the E 9-1-1 uniform emergency telephone system division or any other agency
19 that may replace it, with a list of amounts uncollected together with the names and addresses of
20 its subscriber-users who can be determined by the telephone common carrier or
21 telecommunication services provider to have not paid the surcharge.

22 (g) Included within, but not limited to, the purposes for which the money collected may
23 be used are rent, lease, purchase, improve, construct, maintenance, repair, and utilities for the
24 equipment and site or sites occupied by the E 9-1-1 uniform emergency telephone system;
25 salaries, benefits, and other associated personnel costs; acquisition, upgrade or modification of
26 PSAP equipment to be capable of receiving E 9-1-1 information, including necessary computer
27 hardware, software, and data base provisioning, addressing, and non-recurring costs of
28 establishing emergency services; network development, operation and maintenance; data-base
29 development, operation, and maintenance; on-premise equipment maintenance and operation;
30 training emergency service personnel regarding use of E 9-1-1; educating consumers regarding
31 the operations, limitations, role and responsible use of E 9-1-1; reimbursement to telephone
32 common carriers or telecommunication services providers of rates or recurring costs associated
33 with any services, operation, administration or maintenance of E 9-1-1 services as approved by
34 the division; reimbursement to telecommunication services providers or telephone common

1 carriers of other costs associated with providing E 9-1-1 services, including the cost of the design,
2 development, and implementation of equipment or software necessary to provide E 9-1-1 service
3 information to PSAP's, as approved by the division.

4 (h) [Deleted by P.L. 2000, ch. 55, art. 28, § 1.]

5 (i) Nothing in this section shall be construed to constitute rate regulation of wireless
6 communication services carriers, nor shall this section be construed to prohibit wireless
7 communication services carriers from charging subscribers for any wireless service or feature.

8 ~~(j) State, local and quasi-governmental agencies shall be exempt from the surcharge.~~

9 SECTION 2. Section 39-1-61 of the General Laws in Chapter 39-1 entitled "Public
10 Utilities Commission" is hereby amended to read as follows:

11 **39-1-61. Rhode Island telecommunications education access fund.** -- (a) Preamble. -

12 For the past ten (10) years, the schools and libraries of Rhode Island have benefited from a
13 regulatory agreement with Verizon and its predecessor companies that has provided up to two
14 million dollars (\$2,000,000) annually for support of telecommunications lines for internet access.
15 In addition, the funds provided for in the original regulatory agreement and every dollar
16 generated hereunder leverages a one dollar and twenty-seven cents (\$1.27) federal E-Rate match.
17 With the regulatory agreement approaching its termination and the advent of more advanced
18 technologies, it is the intent of this section to provide a continued source of funding for internet
19 access for eligible public and private schools and libraries.

20 (b) Definitions. - As used in this section, the following terms have the following
21 meanings:

22 (1) "Department" ~~of education~~ means the Rhode Island department of elementary and
23 secondary education.

24 (2) "Division" means the Division of Public Utilities and Carriers.

25 (3) "Telecommunications education access fund" means the programs and funding made
26 available to qualified libraries and schools to assist in paying the costs of acquiring, installing and
27 using telecommunications technologies to access the internet.

28 (c) Purpose. - The purpose of the telecommunications education access fund shall be to
29 fund a basic level of internet connectivity for all of the qualified schools (kindergarten through
30 grade 12) and libraries in the state.

31 (d) Authority. - The division shall establish, by rule or regulation, an appropriate funding
32 mechanism to recover from the general body of ratepayers the costs of providing
33 telecommunications technology to access the internet.

34 (1) The general assembly shall determine the amount of a monthly surcharge to be levied

1 upon each residence and business telephone access line or trunk in the state, including PBX
2 trunks and centrex equivalent trunks and each service line or trunk, and upon each user interface
3 number or extension number or similarly identifiable line, trunk, or path to or from a digital
4 network. The department will provide the general assembly with information and
5 recommendations regarding the necessary level of funding to effectuate the purposes of this
6 article. The surcharge shall be billed by each telecommunications services provider and shall be
7 payable to the telecommunications services provider by the subscriber of the telecommunications
8 services. State, local and quasi-governmental agencies shall be exempt from the surcharge. The
9 surcharge shall be deposited in a restricted receipt account, hereby created within the department
10 of elementary and secondary education and known as the telecommunications education access
11 fund, to pay any and all costs associated with subsection (b)(3). The amount of the surcharge shall
12 not exceed thirty-five cents (\$.35) per access line or trunk.

13 (2) The surcharge is hereby determined to be twenty-six cents (\$.26) per access line or
14 trunk.

15 (3) The amount of the surcharge shall not be subject to the sales and use tax imposed
16 under chapter 18 of title 44 nor be included within the gross earnings of the telecommunications
17 corporation providing telecommunications service for the purpose of computing the tax under
18 chapter 13 of title 44.

19 (e) Administration. - The division, with input from the department, shall administer the
20 telecommunications education access fund consistent with the requirements of the Universal
21 Service (E-Rate) program. The division [of taxation](#) shall collect from the telecommunications
22 service providers the amounts of the surcharge collected from their subscribers. The department,
23 with the approval of the division, shall publish requests for proposals that do not favor any
24 particular technology, evaluate competitive bids, and select products and services that best serve
25 the internet access needs of schools and libraries. In doing so, the department shall endeavor to
26 obtain all available E-Rate matching funds. The department is further authorized and encouraged
27 to seek matching funds from all local, state, and federal public or private entities. The department
28 shall approve disbursement of funds under this section in accordance with the division's
29 directives. Unsuccessful bids may be appealed to the division. The division shall annually review
30 the department's disbursements from this account to ensure that the department's decisions do not
31 favor any competitor.

32 (f) Eligibility. - All schools seeking support from the fund must be eligible for Universal
33 Service (E-Rate) support and meet the definition of "elementary school" or "secondary school" in
34 the Elementary and Secondary Education Act of 1965, as amended (20 U.S.C. section 8801).

1 Schools operating as a for-profit business or with endowments exceeding fifty million dollars
2 (\$50,000,000) are not eligible for support. All libraries seeking support from the fund must meet
3 the definition of "library" or "library consortium" in the Library Services and Technology Act,
4 P.L. 104-208, section 211 et seq., 110 Stat. 3009 (1996) and must be eligible for assistance from a
5 state library administrative agency under that act. Only libraries that have budgets that are
6 completely separate from any schools (including, but not limited to, elementary and secondary,
7 colleges and universities) shall be eligible to receive support. Libraries operating as a for-profit
8 business shall not be eligible for support.

9 (g) The effective date of assessment for the telecommunications education access fund
10 shall be January 1, 2004.

11 SECTION 3. Section 39-1-62 of the General Laws in Chapter 39-1 entitled "Public
12 Utilities Commission" is hereby amended to read as follows:

13 **39-1-62. E-911 Geographic Information System (GIS) and Technology Fund.**

14 **[Repealed effective June 30, 2007.]** -- (a) Preamble. - To allow the Rhode Island E-911
15 Emergency Telephone System agency to associate latitude and longitude coordinates provided by
16 wireless carriers with physical locations throughout the state, the agency must establish and
17 maintain a GIS database of street addresses and landmarks. The database will allow local
18 emergency response personnel to dispatch police, fire and rescue personnel to a specific address
19 or landmark of a cellular caller in the event the caller is unaware of his or her location, or is
20 physically unable to communicate it. Because more than half of the 530,000 9-1-1 phone calls
21 received in 2003 came from cellular phones, it is critical that the GIS database be developed and
22 maintained in order to improve caller location identification and reduce emergency personnel
23 response times.

24 (b) Definitions. - As used in this section, the following terms have the following
25 meanings:

26 (1) "System" means Emergency 911 Uniform Telephone System.

27 (2) "Agency" means Rhode Island 911 Emergency Telephone System.

28 (3) "Division" means the Division of Public Utilities and Carriers.

29 (4) "GIS and Technology Fund" means the programs and funding made available to the
30 Emergency 911 Uniform Telephone System to assist in paying the costs of the GIS database
31 development project and GIS systems maintenance, which will enable the system to locate
32 cellular phone callers by geocoding all addresses and landmarks in cities and towns throughout
33 the state. It also includes programs to create system redundancy and maintain state-of-the-art
34 equipment technology.

1 (c) Purpose. - The purpose of the GIS and Technology Fund shall be to:

2 (1) Implement and maintain a geographic information system database to assist in
3 locating wireless phone callers for emergency purposes in a manner consistent and in
4 coordination with the Rhode Island geographic information system administered by the Division
5 of Planning as provided for in section 42-11-10(g)(3); and

6 (2) Create system redundancy to ensure the reliability of 9-1-1 service to the public; and

7 (3) Maintain state-of-the-art equipment technology.

8 (d) Authority. - The agency shall establish, by rule or regulation, an appropriate funding
9 mechanism to recover from the general body of ratepayers the costs of funding GIS and
10 technology projects.

11 (1) The general assembly shall determine the amount of a monthly surcharge to be levied
12 upon each wireless instrument, device or means including prepaid, cellular, telephony, Internet,
13 Voice Over Internet Protocol (VoIP), satellite, computer, radio, communication, data, or any
14 other wireless instrument, device or means that has access to, connects with, interfaces with or is
15 capable of delivering two-way interactive communications services to the Rhode Island E-911
16 Uniform Emergency Telephone System. The agency will provide the general assembly with
17 information and recommendations regarding the necessary level of funding to effectuate the
18 purposes of this article. The surcharge shall be billed monthly by each wireless
19 telecommunications services provider as defined in section 39-21.1-3 and shall be payable to the
20 wireless telecommunications services provider by the subscriber or prepaid service customer of
21 the telecommunications services. Each telecommunication services provider shall establish a
22 special (escrow) account to which it shall deposit on a monthly basis the amounts collected as a
23 surcharge under this section. The money collected by each wireless telecommunication services
24 provider shall be transferred within sixty (60) days after its inception of wireless, prepaid,
25 cellular, telephony, Voice Over Internet Protocol (VoIP), satellite, computer, Internet, or
26 communications, information or data services in this state and every month thereafter. Any
27 money not transferred in accordance with this paragraph shall be assessed interest at eight percent
28 (8%) per annum from the date the money should have been transferred. State, local and quasi-
29 governmental agencies shall be exempt from the surcharge. The surcharge shall be deposited in a
30 restricted receipt account, hereby created within the agency and known as the GIS and
31 Technology Fund, to pay any and all costs associated with the provisions of subsection (c). The
32 amount of the surcharge under this section shall not exceed thirty-five cents (\$.35) per wireless
33 phone.

34 (2) The surcharge is hereby determined to be twenty-six cents (\$.26) per wireless phone,

1 prepaid, cellular, telephony, Voice Over Internet Protocol (VoIP), satellite, computer, data or data
2 only wireless lines or Internet communication or data instrument, device or means which has
3 access to, connects with, activates or interfaces with or any combination of the above with the
4 Rhode Island E-911 Uniform Emergency Telephone System per month and shall be in addition to
5 the wireless surcharge charged under section 39-21.1-14. The twenty-six cents (\$.26) is to be
6 billed to all wireless telecommunication service providers, subscribers or prepaid service
7 customers upon the inception of services.

8 (3) The amount of the surcharge shall not be subject to the sales and use tax imposed
9 under chapter 18 of title 44 nor be included within the gross earnings of the telecommunications
10 corporation providing telecommunications service for the purpose of computing the tax under
11 chapter 13 of title 44.

12 (4) With respect to prepaid wireless telecommunication service providers and customers,
13 and notwithstanding anything to the contrary contained in this section, the surcharge shall be
14 collected and remitted to the **agency** division of taxation by the prepaid wireless
15 telecommunication service provider under one of three methods:

16 (i) The prepaid wireless telecommunication service provider shall collect the surcharge,
17 on a monthly basis, from each active prepaid wireless telecommunication service customer whose
18 account balance is equal to or greater than the amount of the service charge; or

19 (ii) The prepaid wireless telecommunication service provider shall collect the surcharge,
20 on a monthly basis, at the point of sale; or

21 (iii) The prepaid wireless telecommunication service provider shall divide the total
22 earned prepaid wireless telephone revenue received by the prepaid wireless telecommunication
23 service provider within the monthly reporting period by fifty dollars (\$50.00), and multiply the
24 quotient by the amount of the surcharge.

25 The surcharge amount or an equivalent number of air-time minutes may be reduced from
26 a prepaid wireless telecommunication service customer's account when direct billing is not
27 possible.

28 (e) Administration. - The **agency** division of taxation shall collect monthly from the
29 wireless telecommunications service providers as defined in section 39-21.1-3 the amounts of the
30 surcharge collected from their subscribers or prepaid customers. The **agency** division of taxation
31 shall deposit such collections in an account maintained and administered by the Rhode Island 911
32 Emergency Telephone System for use in developing and maintaining the geographic information
33 system database, creating system redundancy, and improving equipment technology. The agency
34 is further authorized and encouraged to seek matching funds from all local, state, and federal

1 public or private entities and shall coordinate its activities and share all information with the state
2 Division of Planning.

3 (f) The effective date of assessment for the GIS and Technology Fund shall be July 1,
4 2004.

5 (g) Nothing in this section shall be construed to constitute rate regulation of wireless
6 communications services carriers, nor shall this section be construed to prohibit wireless
7 communications services carriers from charging subscribers for any wireless service or feature.

8 (h) Except as otherwise provided by law, the agency shall not use, disclose or otherwise
9 make available call location information for any purpose other than as specified in subsection (c).

10 (i) The attorney general shall, at the request of the E-911 uniform emergency telephone
11 system division, or any other agency that may replace it, or on its own initiative, commence
12 judicial proceedings in the superior court against any telecommunication services provider as
13 defined in section 39-21.1-3(11) providing communication services to enforce the provisions of
14 this chapter.

15 SECTION 4. Subsection (j) of Section 1 of this article shall take effect as of July 1,
16 2005. The remainder of this article shall take effect upon passage.

17

1 **ARTICLE 5 SUBSTITUTE A AS AMENDED**

2 RELATING TO CAPITAL DEVELOPMENT PROGRAM

3 SECTION 1. Proposition to be submitted to the people. -- At the general election to be
4 held on the Tuesday next after the first Monday in November 2006, there shall be submitted to
5 the people for their approval or rejection the following proposition:

6 "Shall the action of the general assembly, by an act passed at the January 2006 session,
7 authorizing the issuance of bonds, refunding bonds, and temporary notes of the state for the
8 capital projects and in the amount with respect to each such project listed below be approved, and
9 the issuance of bonds, refunding bonds, and temporary notes authorized in accordance with the
10 provisions of said act?"

11 Project

12 (1) Higher Education \$72,790,000

13 Approval of this question will allow for the State of Rhode Island to issue general
14 obligation bonds, refunding bonds, and temporary notes in an amount not to exceed \$65,000,000
15 for the construction of a new college of pharmacy building at the University of Rhode Island and
16 \$7,790,000 for renovations to the former Department of Children, Youth and Families facilities at
17 Rhode Island College.

18 (2) Transportation \$88,500,000

19 Approval of this question will allow for the State of Rhode Island to issue general
20 obligation bonds, refunding bonds, and temporary notes in an amount not to exceed \$80,000,000
21 to match federal funds, provide direct funding for improvements to the state's highways, roads
22 and bridges; \$7,000,000 to provide funding for commuter rail, and \$1,500,000 to purchase and/or
23 rehabilitate buses for the Rhode Island Public Transit Authority's bus fleet.

24 (3) Roger Williams Park Zoo \$11,000,000

25 Approval of this question will allow for the State of Rhode Island to issue general
26 obligation bonds, refunding bonds, and temporary notes in an amount not to exceed \$11,000,000
27 for improvements to the Roger Williams Park Zoo in Providence.

28 (4) Fort Adams State Park Recreation and Restoration \$4,000,000

29 Approval of this question will allow for the State of Rhode Island to issue general
30 obligation bonds, refunding bonds, and temporary notes in an amount not to exceed \$4,000,000

1 for improvements to the Fort Adams State Park in Newport.

2 (5) Department of Environmental Management \$3,000,000

3 Approval of this question will allow for the State of Rhode Island to issue general
4 obligation bonds, refunding bonds, and temporary notes in an amount not to exceed \$3,000,000
5 for the Local Recreation Development Program.

6 (6) Affordable Housing \$50,000,000

7 Approval of this question will allow for the State of Rhode Island to issue general
8 obligation bonds, refunding, bonds, and temporary notes in an amount not to exceed \$50,000,000
9 for affordable housing.

10 SECTION 2. **Ballot labels and applicability of general election laws.** -- The secretary
11 of state shall prepare and deliver to the state board of elections ballot labels for each of the
12 projects provided for in section 1 hereof with the designations "approve" or "reject" provided next
13 to the description of each such project to enable voters to approve or reject each such proposition.
14 The general election laws, so far as consistent herewith, shall apply to this proposition.

15 SECTION 3. **Approval of projects by people.** -- If a majority of the people voting on
16 the proposition provided for in section 1 hereof shall vote to approve the proposition as to any
17 project provided for in section 1 hereof, said project shall be deemed to be approved by the
18 people. The authority to issue bonds, refunding bonds and temporary notes of the state shall be
19 limited to the aggregate amount for all such projects as set forth in the proposition provided for in
20 section 1 hereof which has been approved by the people.

21 SECTION 4. **Bonds for capital development program.** -- The general treasurer is
22 hereby authorized and empowered with the approval of the governor and in accordance with the
23 provisions of this act, to issue from time to time capital development bonds in serial form in the
24 name and on behalf of the state in amounts as may be specified from time to time by the governor
25 in an aggregate principal amount not to exceed the total amount for all projects approved by the
26 people and designated as "capital development loan of 2006 bonds" provided, however, that the
27 aggregate principal amount of such capital development bonds and of any temporary notes
28 outstanding at any one time issued in anticipation thereof pursuant to section 7 hereof shall not
29 exceed the total amount for all such projects as have been approved by the people. All provisions
30 in this act relating to "bonds" shall also be deemed to apply to "refunding bonds".

31 Capital development bonds issued under this act shall be in denominations of one
32 thousand dollars (\$1,000) each, or multiples thereof, and shall be payable in any coin or currency
33 of the United States which at the time of payment shall be legal tender for public and private
34 debts. These capital development bonds shall bear such date or dates, mature at specified time or

1 times, but not beyond the end of the twentieth state fiscal year following the state fiscal year in
2 which they are issued, bear interest payable semi-annually at a specified rate or different or
3 varying rates, be payable at designated time or times at specified place or places, be subject to
4 expressed terms of redemption or recall, with or without premium, be in a form, with or without
5 interest coupons attached, carry such registration, conversion, reconversion, transfer, debt
6 retirement, acceleration and other provisions as may be fixed by the general treasurer, with the
7 approval of the governor, upon each issue of such capital development bonds at the time of each
8 issue. Whenever the governor shall approve the issuance of such capital development bonds, he
9 or she shall certify approval to the secretary of state; the bonds shall be signed by the general
10 treasurer and countersigned by the manual or facsimile signature of the secretary of state and
11 shall bear the seal of the state or a facsimile thereof. The approval of the governor shall be
12 endorsed on each bond so approved with a facsimile of his or her signature.

13 SECTION 5. Refunding bonds for 2006 capital development program. -- The general
14 treasurer is hereby authorized and empowered, with the approval of the governor and in
15 accordance with the provisions of this act, to issue from time to time bonds to refund the 2006
16 capital development program bonds in the name and on behalf of the state, in amounts as may be
17 specified from time to time by the governor in an aggregate principal amount not to exceed the
18 total amount approved by the people, to be designated as "capital development program loan of
19 2006 refunding bonds" (hereinafter "refunding bonds").

20 The general treasurer with the approval of the governor shall fix the terms and form of
21 any refunding bonds issued under this act in the same manner as the capital development bonds
22 issued under this act, except that the refunding bonds may not mature more than twenty (20)
23 years from the date of original issue of the capital development bonds being refunded.

24 The proceeds of the refunding bonds, exclusive of any premium and accrual interest and
25 net the underwriters' cost, and cost of bond insurance, shall, upon their receipt, be paid by the
26 general treasurer immediately to the paying agent for the capital development bonds which are to
27 be called and prepaid. The paying agent shall hold the refunding bond proceeds in trust until they
28 are applied to prepay the capital development bonds. While such proceeds are held in trust, they
29 may be invested for the benefit of the state in obligations of the United States of America or the
30 State of Rhode Island.

31 If the general treasurer shall deposit with the paying agent for the capital development
32 bonds the proceeds of the refunding bonds or proceeds from other sources amounts that, when
33 invested in obligations of the United States or the State of Rhode Island, are sufficient to pay all
34 principal, interest, and premium, if any, on the capital development bonds until these bonds are

1 called for prepayment, then such capital development bonds shall not be considered debts of the
2 State of Rhode Island for any purpose from the date of deposit of such moneys with the paying
3 agent. The refunding bonds shall continue to be a debt of the state until paid.

4 The term "bond" shall include "note", and the term "refunding bonds" shall include
5 "refunding notes" when used in this act.

6 SECTION 6. **Proceeds of capital development program.** -- The general treasurer is
7 directed to deposit the proceeds from the sale of capital development bonds issued under this act,
8 exclusive of accrued interest and net of the underwriters' cost, and cost of bond insurance, in one
9 or more of the depositories in which the funds of the state may be lawfully kept in special
10 accounts (hereinafter cumulatively referred to as "such capital development bond fund")
11 appropriately designated for each of the projects set forth in section 1 hereof which shall have
12 been approved by the people to be used for the purpose of paying the cost of all such projects so
13 approved.

14 All monies in the capital development bond fund shall be expended for the purposes
15 specified in the proposition provided for in section 1 hereof under the direction and supervision of
16 the director of administration (hereinafter referred to as "director"). The director or his or her
17 designee shall be vested with all power and authority necessary or incidental to the purposes of
18 this act, including but not limited to, the following authority: (a) to acquire land or other real
19 property or any interest, estate or right therein as may be necessary or advantageous to
20 accomplish the purposes of this act; (b) to direct payment for the preparation of any reports, plans
21 and specifications, and relocation expenses and other costs such as for furnishings, equipment
22 designing, inspecting and engineering, required in connection with the implementation of any
23 projects set forth in section 1 hereof; (c) to direct payment for the costs of construction,
24 rehabilitation, enlargement, provision of service utilities, and razing of facilities, and other
25 improvements to land in connection with the implementation of any projects set forth in section 1
26 hereof; and (d) to direct payment for the cost of equipment, supplies, devices, materials and labor
27 for repair, renovation or conversion of systems and structures as necessary for 2006 capital
28 development program bonds or notes hereunder from the proceeds thereof. No funds shall be
29 expended in excess of the amount of the capital development bond fund designated for each
30 project authorized in section 1 hereof. With respect to the bonds and temporary notes described in
31 section 1, the proceeds shall be utilized for the following purposes:

32 Question 1 relating to bonds in the amount of \$72,790,000 for Higher Education shall be
33 allocated as follows:

34 (a) College of Pharmacy building at the University of Rhode Island \$65,000,000

1 (b) DCYF Facilities Phase III at Rhode Island College \$7,790,000

2 Question 2 relating to bonds in the amount of \$88,500,000 for transportation purposes
3 shall be allocated as follows:

4 (a) Highway improvement program \$80,000,000

5 Provide funds for the Department of Transportation to match federal funds or to provide
6 direct funding for improvements to the state's highways, roads and bridges.

7 (b) Commuter Rail \$7,000,000

8 Provide funds for the Department of Transportation to match federal funds or to provide
9 direct funding for commuter rail.

10 (c) Bus replacement/Rehabilitation \$1,500,000

11 Provide funds for the Rhode Island Public Transit Authority to purchase new buses or for
12 rehabilitation of existing buses in the bus fleet.

13 Question 3 relating to bonds in the amount of \$11,000,000 to be provided by the
14 Department of Environmental Management to the Roger Williams Park Zoo to be used with other
15 federal, state and private funds for upgrades and development of exhibits and facilities at the zoo.

16 Question 4 relating to bonds in the amount of \$4,000,000 to be provided by the
17 Department of Environmental Management for the Fort Adams State Park. The allocation shall be
18 as follows: approximately \$2,000,000 for recreation and approximately \$2,000,000 for
19 restoration.

20 Question 5 relating to bonds in the amount of \$3,000,000 to be provided to the
21 Department of Environmental Management for the Local Recreation Development to provide
22 funding assistance for local communities to develop, acquire, or renovate recreation facilities.

23 Question 6 relating to bonds in the amount of \$50,000,000 to be provided to the Housing
24 Resources Commission to provide funding for affordable housing. The allocation shall be as
25 follows: \$12,500,000 per year for four (4) years (total \$50,000,000) to provide state matching
26 funds: \$40,000,000 for deferred payment loans to developers of affordable housing rental units
27 and \$10,000,000 for the development of home owner units.

28 SECTION 7. Sale of bonds and notes. -- Any bonds or notes issued under the authority
29 of this act shall be sold from time to time at not less than the principal amount thereof, in such
30 mode and on such terms and conditions as the general treasurer, with the approval of the
31 governor, shall deem to be for the best interests of the state.

32 Any premiums and accrued interest, net of the cost of bond insurance and underwriters
33 discount, that may be received on the sale of the capital development bonds or notes shall become
34 part of the general fund of the state and shall be applied to the payment of debt service charges of

1 the state.

2 In the event that the amount received from the sale of the capital development bonds or
3 notes exceeds the amount necessary for the purposes stated in section 6 hereof, the surplus may
4 be used to the extent possible to retire the bonds as the same may become due, to redeem them in
5 accordance with the terms thereof or otherwise to purchase them as the general treasurer, with the
6 approval of the governor, shall deem to be for the best interests of the state.

7 Any bonds or notes issued under the provisions of this act and coupons on any capital
8 development bonds, if properly executed by the manual or facsimile signatures of officers of the
9 state in office on the date of execution shall be valid and binding according to their tenor,
10 notwithstanding that before the delivery thereof and payment therefor, any or all such officers
11 shall for any reason have ceased to hold office.

12 SECTION 8. Bonds and notes to be tax exempt and general obligations of the state. -

13 - All bonds and notes issued under the authority of this act shall be exempt from taxation in the
14 state and shall be general obligations of the state, and the full faith and credit of the state is hereby
15 pledged for the due payment of the principal and interest on each of such bonds and notes as the
16 same shall become due.

17 SECTION 9. Investment of moneys in fund. -- All moneys in the capital development
18 fund not immediately required for payment pursuant to the provisions of this act may be invested
19 by the investment commission, as established by Chapter 35-10, pursuant to the provisions of
20 such chapter; provided, however, that the securities in which the capital development fund is
21 invested shall remain a part of the capital development fund until exchanged for other securities;
22 and provided further, that the income from investments of the capital development fund shall
23 become a part of the general fund of the state and shall be applied to the payment of debt service
24 charges of the state, or to the extent necessary, to rebate to the United States treasury any income
25 from investments (including gains from the disposition of investments) of proceeds of bonds or
26 notes to the extent deemed necessary to exempt (in whole or in part) the interest paid on such
27 bonds or notes from federal income taxation.

28 SECTION 10. Appropriation. -- To the extent the debt service on these bonds is not
29 otherwise provided, a sum sufficient to pay the interest and principal due each year on bonds and
30 notes hereunder is hereby annually appropriated out of any money in the treasury not otherwise
31 appropriated.

32 SECTION 11. Advances from general fund. -- The general treasurer is authorized from
33 time to time with the approval of the director and the governor, in anticipation of the issue of
34 notes or bonds under the authority of this act, to advance to the capital development bond fund for

1 the purposes specified in section 6 hereof, any funds of the state not specifically held for any
2 particular purpose; provided, however, that all advances made to the capital development bond
3 fund shall be returned to the general fund from the capital development bond fund forthwith upon
4 the receipt by the capital development fund of proceeds resulting from the issue of notes or bonds
5 to the extent of such advances.

6 SECTION 12. **Federal assistance and private funds.** -- In carrying out this act, the
7 director, or his or her designee, is authorized on behalf of the state, with the approval of the
8 governor, to apply for and accept any federal assistance which may become available for the
9 purpose of this act, whether in the form of loan or grant or otherwise, to accept the provision of
10 any federal legislation therefor, to enter into, act and carry out contracts in connection therewith,
11 to act as agent for the federal government in connection therewith, or to designate a subordinate
12 so to act. Where federal assistance is made available, the project shall be carried out in
13 accordance with applicable federal law, the rules and regulations thereunder and the contract or
14 contracts providing for federal assistance, notwithstanding any contrary provisions of state law.
15 Subject to the foregoing, any federal funds received for the purposes of this act shall be deposited
16 in the capital development bond fund and expended as a part thereof. The director or his or her
17 designee may also utilize any private funds that may be made available for the purposes of this
18 act.

19 SECTION 13. **Effective Date.** Sections 1, 2, 3, 11, and 12 of this article shall take effect
20 upon passage. The remaining sections of this article shall take effect when and if the state board
21 of elections shall certify to the secretary of state that a majority of the qualified electors voting on
22 the propositions contained in section 1 hereof have indicated their approval of all or any projects
23 thereunder.

24
25

1 **ARTICLE 6 SUBSTITUTE A**

2 RELATING TO BOND PREMIUMS

3 SECTION 1. Section 6 of Chapter 289 of the Public Laws, enacted in Article III of 86-A
4 2838A. Approved on Jun. 25, 1986, is hereby amended to read as follows:

5 SECTION 6. Proceeds of bonds and notes to be deposited in the Rhode Island clean
6 water act environmental trust fund program. -- (a) As such funds are needed, the general
7 treasurer is directed to deposit the proceeds from the sale of such environmental bonds, exclusive
8 of ~~premiums and~~ accrued interest and net of the underwriter cost, and cost of bond insurance, in
9 one of more of the depositories in which the funds of the state may be lawfully kept in such
10 special accounts (hereinafter cumulatively referred to as “such Rhode Island Clean Water Act
11 Environmental Trust Fund”) as established by section 46-12-24.2 and to be used for the purposes
12 specified in section 46-12-24.2.

13 (b) All proceeds of bonds and notes not immediately required for deposit into such Rhode
14 Island Clean Water Act Environmental Trust Fund may be invested by the investment
15 commission, as established by chapter 35-10 of the general laws, pursuant to the provisions of
16 such chapter; provided, however, that the securities in which such fund is invested shall remain a
17 part of such fund until exchanged for other securities, and provided further that the income from
18 such investments made pursuant to this subsection shall become part of the general fund of the
19 state and shall be applied to the payment of debt service charges of the state, unless prohibited by
20 applicable federal law.

21 SECTION 2. Section 6 of Chapter 425 of the Public Laws, enacted in Article I of 87-H
22 7247 as amended, and approved on Jun. 30, 1987 is hereby amended to read as follows:

23 SECTION 6. Proceeds of open space and recreational area bonds. – (a) The general
24 treasurer is directed to deposit the proceeds from the sale of open space and recreational area
25 bonds, exclusive of ~~premiums and~~ accrued interest and net of the underwriters cost, and cost of
26 bond insurance, in one or more of the depositories in which the funds of the state may lawfully be
27 kept in appropriately designated special accounts (hereinafter cumulatively referred to as “such
28 open space and recreational area bond funds”), to be used for the purposes and in the manner set
29 forth in this section.

30 (b) Up to forty-five million dollars (\$45,000,000.00) of such open space and recreational

1 area bond funds are hereby allocated for grants to the cities and towns, to be administered by the
2 director of environmental management to be used:

3 (1) to purchase fee simple title or development rights to open spaces, coastal flood-prone
4 areas and public recreational areas, and

5 (2) for the improving and restoration of public recreational areas. Fifty percent (50%) of
6 the aforementioned sums shall be allocated to the cities and towns in the form of grants in the
7 furtherance of section 6(b)(1) and shall be equal to seventy five percent (75%) of the cost of any
8 such purchase of fee simple or development rights. All funds allocated for grants under this
9 subsection must be obligated for grants no later than three years from the date of voter approval
10 for the referendum authorized in section 1 of this act. All funds authorized but not obligated on
11 that date shall revert to the control of the director of environmental management for use in the
12 furtherance of the purposes contained in section 6(b)(1). Forty percent (40%) of said funds shall
13 be allocated to the cities and towns in the form of grants in the furtherance of section 6(b)(2) and
14 shall be equal to fifty percent (50%) of the cost of any improvements and restoration. The
15 remaining ten percent (10%) of said funds shall be used to carry out the provisions of section
16 6(b)(1) or section 6(b)(2) so as to make it possible under certain circumstances, including the
17 financial ability of a community, to fund any such program up to a one hundred percent (100%)
18 grant. The director shall establish guidelines for the allocation of funds under 6(b).

19 (c) Up to fifteen million dollars (\$15,000,000.00) of such open space and recreational
20 area bonds are hereby allocated to the department of environmental management to be used to
21 purchase fee simple or development rights for the preservation of open spaces and rehabilitation
22 of state owned recreation areas. Priority shall be given to preserving those lands that either
23 service or are accessible to people living in the more densely populated areas of the state. Not
24 more than five million dollars (\$5,000,000.00) of said funds shall be utilized for the rehabilitation
25 of state owned recreation areas. Said funds shall be utilized to allow private land trusts to apply
26 for and receive funds equal to seventy-five percent (75%) of the cost of any purchase.

27 (d) Up to five million two hundred dollars (\$5,200,000.00) of such open space and
28 recreational area bonds are hereby allocated for the restoration or rehabilitation of the following
29 parks which shall be carried out pursuant to any applicable master plan dealing with the
30 restoration of historic landscape in order to maintain the landscape architectural integrity of these
31 parks.

32 (1) Three million dollars (\$3,000,000.00) for the restoration of Roger Williams Park;

33 (2) Two hundred thousand dollars (\$200,000) for restoration of Jenks Park in Central
34 Falls;

1 (3) Four hundred thousand dollars (\$400,000) for restoration of Slater Park in Pawtucket;

2 (4) Two hundred thousand dollars (\$200,000) for rehabilitation of Cold Spring Park in
3 Woonsocket;

4 (5) Eight hundred thousand dollars (\$800,000) for rehabilitation of City Park in the City
5 of Warwick; and

6 (6) Two hundred fifty thousand dollars (\$250,000) for the rehabilitation of Carousel Park
7 in East Providence

8 (7) Two hundred fifty thousand dollars (\$250,000) for the rehabilitation of Freebody Park
9 and Miantonomi Park in the city of Newport;

10 (8) One hundred thousand dollars (\$100,000) for the rehabilitation of Wilcox Park in
11 Westerly.

12 (e) Neither the director nor any municipality shall use such open space and recreational
13 area bond funds to purchase title or development rights to any property whose natural condition is
14 such that it can not be developed.

15 (f) The director shall pay the expense of issue for the open space and recreational area
16 bonds or notes hereunder from the proceeds thereof.

17 (g) The state controller is hereby authorized and directed to draw orders upon the general
18 treasurer for payment out of such open space and recreational area bond funds of such sum or
19 sums as may be required from time to time, upon the receipt of properly authenticated vouchers
20 approved by the director.

21 SECTION 3. Section 7 of Chapter 434, of the Public Laws enacted in Article I of 90-H
22 9751A as amended, and approved on July 12, 1990 is hereby amended to read as follows:

23 SECTION 7. Proceeds of capital development program. – The general treasurer is
24 directed to deposit the proceeds from the sale of such capital development bonds, exclusive of
25 ~~premiums and~~ accrued interest and net of the underwriters cost, and cost of bond insurance, in
26 one or more of the depositories in which the funds of the state may be lawfully kept in such
27 special accounts (hereinafter cumulatively referred to as “such capital development bond fund”)
28 appropriately designated for each of such projects set forth in sections 1 and 2 hereof which shall
29 have been approved by the people to be used for the purpose of paying the cost of all such
30 projects so approved.

31 All moneys in such capital development fund shall be expended for the purposes
32 specified in the proposition provided for in sections 1 and 2 hereof under the direction and
33 supervision of the director of administration (hereinafter referred to as “said director”); provided,
34 however, with respect to the project regarding transportation, said director may delegate all of

1 part of the authority hereunder granted to the director of transportation; said director or his
2 delegate, as the case may be, shall be vested with all power and authority necessary or incidental
3 to the purposes of this act, including where appropriate without limiting the generality of said
4 authority, and only by way of illustration, the following authority: (a) to acquire land or other
5 real property or any interest, estate or right therein as may be necessary or advantageous to
6 accomplish the purposes of this act; (b) to pay for the preparation of any reports, plans and
7 specifications, and relocation expenses and other costs such as for furnishings, equipment
8 designing, inspecting and engineering, required in connection with the implementation of any
9 project set forth in sections 1 and 2 hereof; (c) to pay the costs of construction, rehabilitation,
10 enlargement, provision of service utilities, and razing of facilities, and other improvements to
11 land in connection with the implementation of any project set for in sections 1 and 2 hereof; and
12 (d) to pay for the cost of equipment, supplies, devices, materials and labor for repair, renovation
13 or conversion of systems and structures as necessary to implement any project set forth in
14 sections 1 and 2 hereof; (e) to pay the expense of issue for such 1990 and 1992 capital
15 development program bonds or notes hereunder from the proceeds thereof.

16 No more of such moneys in such capital development bond fund shall be expended for
17 any such project than the total amount appearing next to the description of such project in the
18 proposition provided for in sections 1 and 2 hereof.

19 The state controller is authorized and directed to draw his orders upon the general
20 treasurer for payment out of such capital development bond fund of such sum or sums as may be
21 required from time to time, upon receipt by him of properly authenticated vouchers approved by
22 said director or his delegate as the case may be.

23 The powers and authorities granted by this act to said director or his delegate, as the case
24 may be, shall be in addition to, and not in substitution for, all other power provided by law.

25 SECTION 4. Section 7 of Chapter 70, of the Public Laws enacted in Article VI of 94-H
26 9326A as amended, and approved on Jun. 22, 1994 is hereby amended to read as follows:

27 SECTION 7. Proceeds of capital development program. -- The general treasurer is
28 directed to deposit the proceeds from the sale of such capital development bonds, exclusive of
29 ~~premiums and~~ accrued interest and net of the underwriters cost, and cost of bond insurance, in
30 one or more of the depositories in which the funds of the state may be lawfully kept in such
31 special accounts (hereinafter cumulatively referred to as "such capital development bond fund")
32 appropriately designated for each of such projects set forth in sections 1 and 2 hereof which shall
33 have been approved by the people to be used for the purpose of paying the cost of all such
34 projects so approved.

1 All monies in such capital development fund shall be expended for the purposes specified
2 in the propositions provided for in sections 1 and 2 hereof under the direction and supervision of
3 the director of administration (hereinafter referred to as "said director") said director or his
4 delegate, as the case may be, shall be vested with all power and authority necessary or incidental
5 to the purposes of this act, including where appropriate without limiting the generality of said
6 authority, and only by way of illustration, the following authority: (a) to acquire land or other real
7 property or any interest, estate or right therein as may be necessary or advantageous to
8 accomplish the purposes of this act; (b) to pay for the preparation of any reports, plans and
9 specifications, and relocation expenses and other costs such as for furnishings, equipment
10 designing, inspecting and engineering, required in connection with the implementation of any
11 projects set forth in sections 1 and 2 hereof; (c) to pay the costs of construction, rehabilitation,
12 enlargement, provision of service utilities, and razing of facilities, and other improvements to
13 land in connection with the implementation of any projects set forth in sections 1 and 2 hereof;
14 and (d) to pay for the cost of equipment, supplies, devices, materials and labor for repair,
15 renovation or conversion of systems and structures as necessary to issue for such 1994 and 1996
16 capital development program bonds or notes hereunder from the proceeds thereof.

17 No more of such monies in such capital development bond fund shall be expended for
18 any such project than the total amount appearing next to the description of such project in the
19 propositions provided for in sections 1 and 2 hereof.

20 The state controller is authorized and directed to draw his or her orders upon the general
21 treasurer for payment out of such capital development bond fund of such sum or sums as may be
22 required from time to time, upon receipt by him or her of properly authenticated vouchers
23 approved by said director or his or her delegate as the case may be.

24 The powers and authorities granted by this act to said director or his or her delegate, as
25 the case may be, shall be in addition to, and not in substitution for, all other power provided by
26 law.

27 SECTION 5. Section 6 of Chapter 31, of the Public Laws enacted in Article 5 of 98-H
28 8478A as amended, and approved on Jun. 25m 1998, is hereby amended to read as follows:

29 SECTION 6. Proceeds of capital development program. -- The general treasurer is
30 directed to deposit the proceeds from the sale of such capital development bonds, exclusive of
31 ~~premiums and~~ accrued interest and net of the underwriters cost, and cost of bond insurance, in
32 one or more of the depositories in which the funds of the state may be lawfully kept in such
33 special accounts (hereinafter cumulatively referred to as "such capital development bond fund")
34 appropriately designated for each of such projects set forth in section 1 hereof which shall have

1 been approved by the people to be used for the purpose of paying the cost of all such projects so
2 approved.

3 All monies in such capital development fund shall be expended for the purposes specified
4 in the propositions provided for in section 1 hereof under the direction and supervision of the
5 director of administration (hereinafter referred to as "said director") said director or his delegate,
6 as the case may be, shall be vested with all power and authority necessary or incidental to the
7 purposes of this act, including where appropriate without limiting the generality of said authority,
8 and only by way of illustration, the following authority: (a) to acquire land or other real property
9 or any interest, estate or right therein as may be necessary or advantageous to accomplish the
10 purposes of this act; (b) to pay for the preparation of any reports, plans and specifications, and
11 relocation expenses and other costs such as for furnishings, equipment designing, inspecting and
12 engineering, required in connection with the implementation of any projects set forth in section 1
13 hereof; (c) to pay the costs of construction, rehabilitation, enlargement, provision of service
14 utilities, and razing of facilities, and other improvements to land in connection with the
15 implementation of any projects set forth in section 1 hereof; and (d) to pay for the cost of
16 equipment, supplies, devices, materials and labor for repair, renovation or conversion of systems
17 and structures as necessary for such 1998 capital development program bonds or notes hereunder
18 from the proceeds thereof.

19 No more of such monies in such capital development bond fund shall be expended for
20 any such project than the total amount appearing next to the description of such project in the
21 propositions provided for in section 1 hereof.

22 The state controller is authorized and directed to draw his or her orders upon the general
23 treasurer for payment out of such capital development bond fund of such sum or sums as may be
24 required from time to time, upon receipt by him or her of properly authenticated vouchers
25 approved by said director or his or her delegate as the case may be.

26 The powers and authorities granted by this act to said director or his or her delegate, as
27 the case may be, shall be in addition to, and not in substitution for, all other power provided by
28 law.

29 SECTION 6. Section 6 of Chapter 55, of the Public Laws enacted in Article 5 of 2000-H
30 7862A as amended, and approved on Jun. 29, 2000 is hereby amended to read as follows:

31 SECTION 6. Proceeds of capital development program. -- The general treasurer is
32 directed to deposit the proceeds from the sale of capital development bonds issued under this act,
33 exclusive of ~~premiums and~~ accrued interest and net of the underwriters cost, and cost of bond
34 insurance, in one or more of the depositories in which the funds of the state may be lawfully kept

1 in special accounts (hereinafter cumulatively referred to as "such capital development bond
2 fund") appropriately designated for each of the projects set forth in section 1 hereof which shall
3 have been approved by the people to be used for the purpose of paying the cost of all such
4 projects so approved.

5 All monies in the capital development fund shall be expended for the purposes specified
6 in the proposition provided for in section 1 hereof under the direction and supervision of the
7 director of administration (hereinafter referred to as "director"). The director or his delegate shall
8 be vested with all power and authority necessary or incidental to the purposes of this act,
9 including, but not limited to, the following authority: (a) to acquire land or other real property or
10 any interest, estate or right therein as may be necessary or advantageous to accomplish the
11 purposes of this act; (b) to direct payment for the preparation of any reports, plans and
12 specifications, and relocation expenses and other costs such as for furnishings, equipment
13 designing, inspecting and engineering, required in connection with the implementation of any
14 projects set forth in section 1 hereof; (c) to direct payment for the costs of construction,
15 rehabilitation, enlargement, provision of service utilities, and razing of facilities, and other
16 improvements to land in connection with the implementation of any projects set forth in section 1
17 hereof; and (d) to direct payment for the cost of equipment, supplies, devices, materials and labor
18 for repair, renovation or conversion of systems and structures as necessary for 2000 capital
19 development program bonds or notes hereunder from the proceeds thereof. No funds shall be
20 expended in excess of the amount of the capital development bond fund designated for each
21 project authorized in section 1 hereof. With respect to the bonds described in section 1, the
22 proceeds shall be utilized for the following purposes:

23 Question 1 relating to bonds for environmental and recreational purposes shall be allotted
24 as follows:

25 (a) Open Space \$23,500,000

26 Provide funds for the Department of Environmental Management to purchase or
27 otherwise permanently protect, through the purchase of fee title, development rights, conservation
28 easements and public recreation easements, greenways and other open space, agricultural lands,
29 forested lands, state parks, consistent with the "Greenways, Greenspace" element of the State
30 Guide Plan and the Department of Environmental Management Land Protection Plan, and for the
31 purchase of development rights by the Agricultural Land Preservation Commission to preserve
32 farmland throughout the state, and \$1,300,000 for acquisition of land through the purchase of fee
33 title, development rights, and conservation easements by the State of Rhode Island Water
34 Resources Board for the protection of public drinking water supplies. The director of the

1 Department of Environmental Management shall award up to \$11,400,000 to communities and
2 local land trusts, conservation commissions and other environmental non-profit organizations to
3 provide matching funds for purposes which include, but are not limited to acquisitions,
4 easements, and development rights on land consistent with the State Guide Plan and Local
5 Comprehensive Plans.

6 (b) Recreational Development \$9,000,000

7 Provide funds for the design, development, expansion and renovation of new or existing
8 public recreational facilities and parks. Up to \$3,000,000 of these funds shall be available for the
9 development and/or renovation of state public recreational facilities. An amount not to exceed
10 \$6,000,000 shall be available to municipalities to provide grants on a matching basis, which funds
11 shall be allocated as follows:

12 (i) Distressed Community Grants \$1,000,000

13 (ii) Recreation Development Grants \$5,000,000

14 (iii) Roger Williams Park Restoration \$1,500,000

15 Provide funds for improvements and renovations at Roger Williams Park.

16 Question 2 relating to bonds totaling \$60,000,000 for projects to improve the state's water
17 quality shall be deposited by the Rhode Island Clean Water Finance Agency in one or more of its
18 revolving loan funds which, when leveraged with federal and state capitalization grants, will
19 provide funding to municipalities, governmental entities and non-governmental entities for water
20 pollution abatement projects and drinking water projects. Not less than \$70,000,000 in leveraged
21 funds will be allocated for loans at a subsidized rate of zero percent to the Narragansett Bay
22 Commission to fund costs associated with combined sewage overflow projects. Not more than
23 \$3,000,000 of the bond proceeds shall be allocated to the Rhode Island Clean Water Finance
24 Agency to provide state matching funds to obtain federal capitalization grants available to the
25 state, enabling the Rhode Island Clean Water Finance Agency to provide subsidized interest rate
26 loans to community water systems, both privately and publicly owned, and non-profit non-
27 community water systems for drinking water projects. The Rhode Island Clean Water Finance
28 Agency will use the remainder of the bond proceeds to provide loans at a subsidized rate of zero
29 percent to fund water pollution abatement projects pursuant to chapter 46-12.2 of the Rhode
30 Island General Laws, including but not limited to, wastewater treatment facilities; sludge
31 improvement projects; the construction of sewers to relieve areas that should no longer be served
32 by septic systems; planning/feasibility studies to support water quality restoration projects
33 including stormwater treatment, nutrient reduction, and other similar water pollution abatement
34 projects; restoration of aquatic habitats; and implementation of stormwater treatment and other

1 nonpoint source water pollution abatement projects.

2 Question 3 relating to bonds in the amount of \$62,510,000 for transportation purposes
3 shall be allocated as follows: \$60,000,000 to match federal highways funds to fund improvements
4 to the state's highways, roads and bridges, and \$2,510,000 to purchase buses for the Rhode Island
5 Public Transit Authority's fleet.

6 Question 4 relating to bonds in the amount of \$36,950,000 to fund improvements to the
7 University of Rhode Island, Rhode Island College and the Community College of Rhode Island
8 shall be allocated as follows:

9 University of Rhode Island Residence Halls	\$22,000,000
10 Rhode Island College Residence Halls	\$4,015,000
11 Community College of Rhode Island Newport Campus	\$10,935,000

12 Question 5 relating to bonds totaling \$25,000,000 for the creation, design, construction,
13 furnishing, and equipping of the Heritage Harbor Museum. The new Heritage Harbor Museum is
14 being built at the site of the former South Street Power Plant. The general obligation bond
15 proceeds shall be used to supplement funding available to the project from other sources,
16 including, but not limited to federal grants, contributions from individuals and other corporations
17 and foundations, state appropriations, and grants from the City of Providence.

18 SECTION 7. Section 6 of Chapter 65, of the Public Laws enacted in Article 6 of 2002-H
19 7732A as amended, and approved on Jun. 12, 2002 is hereby amended to read as follows:

20 SECTION 6. Proceeds of capital development program. -- The general treasurer is
21 directed to deposit the proceeds from the sale of capital development bonds issued under this act,
22 exclusive of ~~premiums and~~ accrued interest and net of the underwriters cost, and cost of bond
23 insurance, in one or more of the depositories in which the funds of the state may be lawfully kept
24 in special accounts (hereinafter cumulatively referred to as "such capital development bond
25 fund") appropriately designated for each of the projects set forth in section 1 hereof which shall
26 have been approved by the people to be used for the purpose of paying the cost of all such
27 projects so approved.

28 All monies in the capital development fund shall be expended for the purposes specified
29 in the proposition provided for in section 1 hereof under the direction and supervision of the
30 director of administration (hereinafter referred to as "director"). The director or his delegate shall
31 be vested with all power and authority necessary or incidental to the purposes of this act,
32 including but not limited to, the following authority: (a) to acquire land or other real property or
33 any interest, estate or right therein as may be necessary or advantageous to accomplish the
34 purposes of this act; (b) to direct payment for the preparation of any reports, plans and

1 Provide state support of the Historical Preservation and Heritage Commission to fund
2 capital preservation for renovation projects for museums and cultural art centers located in
3 historic structures in the State of Rhode Island.

4 (d) Heritage Harbor Museum \$5,000,000

5 Provide funds for the creation, design, construction, furnishing, and equipping of the
6 Heritage Harbor Museum, a statewide history museum and cultural center for Rhode Island. The
7 new Heritage Harbor Museum is being built at the site of the former South Street Power Plant.
8 The general obligation bond proceeds shall be used to supplement funding available to the project
9 from other sources, including, but not limited to, federal grants, contributions of individuals,
10 corporations and foundations, state appropriations, and grants from the City of Providence. The
11 Heritage Harbor Museum will feature artifacts from the Smithsonian Institution borrowed
12 through the Museum's participation in the Smithsonian Affiliations Program. The Heritage
13 Harbor Museum is currently the only Smithsonian affiliate museum in New England.

14 Question 3 relating to bonds in the amount of \$63,500,000 for transportation purposes
15 shall be allocated as follows:

16 (a) Highway Improvement Program \$60,000,000

17 Provide funds for the Department of Transportation to match federal funds or to provide
18 direct funding for improvements to the state's highways, roads and bridges.

19 (b) Facilities/Equipment Replacement \$1,800,000

20 Provide funds for the Department of Transportation to repair or renovate existing
21 maintenance facilities or to construct new maintenance facilities.

22 (c) Bus Replacement \$1,700,000

23 Provide funds for the Rhode Island Public Transit Authority to purchase new buses or for
24 the rehabilitation of existing buses in the bus fleet.

25 Question 4 relating to bonds in the amount of \$11,000,000 for Quonset Point/Davisville
26 for improvements to road and utility infrastructure at the site, for the demolition of buildings, site
27 preparation and pier rehabilitation.

28 SECTION 8. Section 6 of Chapter 595, of the Public Laws enacted in Article 5 of 2004 --
29 H 8219 as amended, and approved Jun. 30, 2004 is hereby amended as follows:

30 SECTION 6. Proceeds of capital development program. -- The general treasurer is
31 directed to deposit the proceeds from the sale of capital development bonds issued under this act,
32 exclusive of ~~premiums and~~ accrued interest and net of the underwriters cost, and cost of bond
33 insurance, in one or more of the depositories in which the funds of the state may be lawfully kept
34 in special accounts (hereinafter cumulatively referred to as "such capital development bond

1 fund") appropriately designated for each of the projects set forth in section 1 hereof which shall
2 have been approved by the people to be used for the purpose of paying the cost of all such
3 projects so approved.

4 All monies in the capital development bond fund shall be expended for the purposes
5 specified in the proposition provided for in section 1 hereof under the direction and supervision of
6 the director of administration (hereinafter referred to as "director"). The director or his or her
7 designee shall be vested with all power and authority necessary or incidental to the purposes of
8 this act, including but not limited to, the following authority: (a) to acquire land or other real
9 property or any interest, estate or right therein as may be necessary or advantageous to
10 accomplish the purposes of this act; (b) to direct payment for the preparation of any reports, plans
11 and specifications, and relocation expenses and other costs such as for furnishings, equipment
12 designing, inspecting and engineering, required in connection with the implementation of any
13 projects set forth in section 1 hereof; (c) to direct payment for the costs of construction,
14 rehabilitation, enlargement, provision of service utilities, and razing of facilities, and other
15 improvements to land in connection with the implementation of any projects set forth in section 1
16 hereof; and (d) to direct payment for the cost of equipment, supplies, devices, materials and labor
17 for repair, renovation or conversion of systems and structures as necessary for 2004 capital
18 development program bonds or notes hereunder from the proceeds thereof. No funds shall be
19 expended in excess of the amount of the capital development bond fund designated for each
20 project authorized in section 1 hereof. With respect to the bonds and temporary notes described in
21 section 1, the proceeds shall be utilized for the following purposes:

22 Question 1 relating to bonds in the amount of \$66,520,000 for transportation purposes
23 shall be allocated as follows:

24 (a) Highway improvement program \$60,000,000
25 Provide funds for the Department of Transportation to match federal funds or to provide
26 direct funding for improvements to the state's highway, roads and bridges.

27 (b) Facilities equipment replacement \$5,020,000
28 (c) Bus replacement \$1,500,000

29 Provide funds for the Rhode Island Public Transit Authority to purchase new buses or for
30 rehabilitation of existing buses in the bus fleet.

31 Question 2 relating to bonds and notes totaling \$15,000,000 shall be allocated to the
32 construction, renovation, and rehabilitation of the state's regional career and technical schools.

33 Question 3 relating to bonds in the amount of \$50,000,000 shall be allocated to provide
34 \$20,000,000 to construct, renovate and rehabilitate residence halls at the University of Rhode

1 Island and \$30,000,000 to construct a new residence hall at Rhode Island College.

2 Subject to any pledge of housing revenues derived by the Board of Governors for Higher
3 Education from residence halls at Rhode Island College, the college shall, to the extent of any
4 available funds, reimburse the state for debt service paid by the state on the bonds issued pursuant
5 to this act.

6 Question 4 relating to bonds in the amount of \$12,300,000 shall be allocated to restore
7 the historic Cranston Street Armory facility for use as an a archives and records center and make
8 space available for either office or educational use, provided that the bonds may not be issued
9 until the Governor has submitted detailed expenditure plans and cost estimates to the General
10 Assembly, and provided further that the General Assembly has reviewed the plans and cost
11 estimates and passed a joint resolution approving the issuance.

12 Question 5 relating to bonds in the amount of \$10,000,000 shall be allocated as follows:

13 (a) Emergency water interconnect \$5,000,000

14 Provide funds for the Water Resources Board to fund matching grants to local water
15 suppliers to develop interconnections between and among water systems to be used in the event
16 of an emergency.

17 (b) Shad Factory Pipeline \$5,000,000

18 Provide funds for the Water Resources Board to make necessary repairs to the Shad
19 Factory Pipeline to ensure continuation of the state's rights to water from two reservoirs located
20 in Massachusetts.

21 Question 6 relating to bonds in the amount of \$70,000,000 shall be allocated as follows:

22 (a) Narragansett Bay and Watershed Restoration \$19,000,000

23 Provide \$8.5 million for activities to restore and protect the water quality, and enhance
24 the economic viability and environmental sustainability of Narragansett Bay and the state's
25 watersheds. Eligible activities shall include, but not be limited to: nonpoint pollution source
26 abatement, including stormwater management; nutrient loading abatement; commercial, industrial
27 and agricultural pollution abatement; and, riparian buffer and watershed ecosystem restoration.
28 Provide \$10.5 million funding for the Rhode Island Clean Water Finance Agency which will be
29 leveraged to provide loans to municipalities and governmental entities for the design,
30 construction, repair, equipping and upgrading of wastewater treatment facilities to implement
31 nutrient reduction projects impacting Narragansett Bay and the State's Watersheds.

32 (b) Open Space and Recreational Development \$43,000,000

33 Provide funds for open space land acquisition farmland preservation, and recreational
34 development to be allocated as follows: \$25,000,000 would be used by the Department of

1 Environmental Management to purchase or otherwise permanently protect through the purchase
2 of fee title, development rights, conservation easements and public recreation easements,
3 greenways and other open space, recreation lands, agriculture lands, forested lands and state
4 parks. An amount not to exceed \$10,000,000 of these funds shall be available to municipalities
5 local land trusts, conservation commissions, and other environmental nonprofit organizations to
6 provide grants on a matching basis for open space preservation consistent with the state guide
7 plan and local comprehensive plan.

8 \$18,000,000 would be used for the design, development, expansion and renovation of
9 new or existing public recreations facilities and parks. \$8,000,000 of these funds shall be
10 available for the development or renovation of state public recreational facilities including
11 \$3,000,000 for restoration of Fort Adams.

12 The remaining \$10,000,000 includes \$4,000,000 for Roger Williams Park and Zoo.,
13 \$4,000,000 for municipalities to provide grants on a matching basis for other municipal parks,
14 and \$2,000,000 for municipalities to provide grants on a matching basis for recreation
15 development grants.

16 (c) Groundwater Protection/Land Acquisition \$8,000,000

17 Provide funds for use by the Rhode Island Water Resources Board for acquisition of land
18 through the purchase of fee title, development rights, and conservation easements for
19 groundwater protection and protection of public drinking water supplies.

20 Question 7 relating to bonds and notes totaling \$14,000,000 shall be allocated to the
21 construction and renovation of the University of Rhode Island Pell Library and Oceanographic
22 Information Center.

23 Question 8 relating to bonds and notes totaling \$6,700,000 shall be allocated to the
24 construction of the Athletic Performance Center and the renovation of facilities at Meade Stadium
25 and Keaney Gymnasium at the University of Rhode Island.

26 Question 9 relating to bonds in the amount of \$3,000,000 shall be allocated to the
27 Historical Preservation and Heritage Commission to fund capital preservation for renovation
28 projects for public and nonprofit historic sites, museums and cultural art centers located in
29 historic structures in the State of Rhode Island.

30 Question 10 relating to bonds in the amount of \$46,500,000 shall be allocated to provide
31 funds to begin to purchase, build or modify state facilities for state agency use to reduce the
32 state's reliance on leased space and for the State Information Operations Center to meet the
33 state's growing technology needs, provided that the bonds may not be issued until the Governor
34 has submitted detailed expenditure plans and cost estimates to the General Assembly, and

1 provided further that the General Assembly has reviewed the plans and cost estimates and passed
2 a joint resolution approving the issuance of all or a portion of the bonds.

3 Question 11 relating to bonds and notes totaling \$50,000,000 shall be allocated to the
4 construction of the University of Rhode Island Center for Biotechnology and Life Sciences.

5 Question 12 relating to bonds and notes totaling \$48,000,000 shall be allocated to road
6 and utility infrastructure, building demolition, site preparation, and pier rehabilitation at the
7 Quonset Point/Davisville Industrial Park.

8 SECTION 9. This article shall take effect on July 1, 2007.

9

1 **ARTICLE 7 SUBSTITUTE A AS AMENDED**

2 RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTIONS

3 SECTION 1. This article shall serve as joint resolutions required pursuant to Rhode
4 Island General Laws 35-18-1, et seq.

5 SECTION 2. *Neighborhood Opportunities Program*

6 WHEREAS, The state of Rhode Island has a significant need for affordable housing; and

7 WHEREAS, These projects will increase the amount of affordable housing and
8 transitional housing service available in the state to its citizens; and

9 WHEREAS, The state developed and utilized a program in fiscal year 2002 that would
10 allow the Neighborhood Opportunities Program to be financed through bonds issued by the
11 Rhode Island Housing and Mortgage Finance Corporation, insured, secured, or otherwise credit-
12 enhanced or purchased by a major financial institution, to be repaid by the state (the "Financing");
13 and

14 WHEREAS, This financing proposal is a prudent funding mechanism that provides
15 replacement funding for these housing programs and an additional \$7,500,000 for the
16 Neighborhood Opportunities Program in fiscal year 2007; and

17 WHEREAS, \$7,500,000 of funding for the Neighborhood Opportunities Program could
18 result in creation of over 200 units of affordable housing; and

19 WHEREAS, The Rhode island Public Corporation Debt Management Act (R.I. General
20 Laws section 35-18-1, et seq.) requires the General Assembly to provide its consent to the
21 issuance or incurring by the state of Rhode Island of certain obligations including financing
22 guarantees or other agreements; and

23 WHEREAS, This act shall serve as the concurrent resolution of approval required by the
24 Rhode Island Public Corporation Debt Management Act (R.I. General Laws section 35-18-1 et
25 seq.); and

26 WHEREAS, The project costs associated with the Neighborhood Opportunities Program
27 are estimated to be \$7,500,000 in fiscal year 2007. The total financing obligation of the state of
28 Rhode Island would be approximately \$8.9 million, with \$7.5 million deposited in the
29 construction fund provided that up to \$0.06 million be made available to pay the associated costs
30 of financing if required. Total payments on the state's obligation over six (6) years on the \$7.5

1 million issuance are projected to be \$8.9 million, assuming an average effective interest rate of
2 5.0%. The payments would be financed within the Department of Administration from general
3 revenue appropriations; now, therefore be it

4 RESOLVED, That providing affordable housing and transitional housing services to the
5 state's population is a priority of this general assembly; and be it further

6 RESOLVED, That this general assembly hereby authorizes the Governor, the director of
7 the department of administration or other appropriate state officials to enter into a financial
8 obligation, guarantee, or other agreement, or agreements evidencing the financing obligation of
9 the state of Rhode Island for the term of the financing in an amount not to exceed \$8.9 million for
10 the provision of funds for the Neighborhood Opportunities Program in fiscal year 2007 limited to
11 the purpose of providing housing rental units; and be it further

12 RESOLVED, That this Joint Resolution shall take effect immediately upon passage by
13 the general assembly.

14 SECTION 3. *Department of Administration Vehicle Lease Purchase.*

15 WHEREAS, the state of Rhode Island finds that it is cost-effective to use the state's tax-
16 exempt borrowing capacity to finance vehicles, trucks and heavy equipment; and

17 WHEREAS, the state of Rhode Island finds that it is cost-effective when such borrowings
18 are consolidated into one borrowing package rather than executed on an individual basis with
19 financing companies; and

20 WHEREAS, the Rhode Island Public Corporation Debt Management Act (R.I. General
21 Laws Section 35-18-1, et seq) requires the general assembly to provide its consent to the issuance
22 of debt incurring by the state of Rhode Island and other public agencies of certain obligations;
23 and

24 WHEREAS, this methodology has been approved in past years by the general assembly;
25 and

26 WHEREAS, the state of Rhode Island Department of Administration desires to enter into
27 financing agreements to finance the purchase of thirty (30) State Police Trooper vehicles and
28 associated equipment, heavy equipment for the Department of Transportation, and other
29 replacement vehicles for various state agencies, as required; and

30 WHEREAS, the Department of Administration estimates that the total issuance for
31 vehicles and equipment will not exceed \$10.5 million, with \$10,450,000 deposited in the vehicle
32 replacement fund and \$50,000 available to pay the associated costs of financing. Total lease
33 payments over a period of three (3) years for State Police and other vehicles and ten (10) years for
34 transportation heavy equipment are projected to be \$10,245,800, assuming an average coupon of

1 4.0 percent. The lease payments would be financed within the various general revenue, federal,
2 restricted, and other fund appropriations available to the respective departments; now, therefore,
3 be it

4 RESOLVED, That it is cost-effective when such borrowings are consolidated into one
5 borrowing package; and be it further

6 RESOLVED, That this general assembly hereby approves financing in an amount not to
7 exceed \$10,500,000 for the purchase of vehicles, heavy equipment and trucks during fiscal year
8 2007; and be it further

9 RESOLVED, That this Joint Resolution shall take effect immediately upon its passage by
10 this General Assembly.

11 SECTION 4. *Information Technology Improvements.*

12 WHEREAS, The computer systems that currently support the Division of Motor Vehicles
13 are outdated and put the operations of the driver licenses and registrations systems at risk of
14 operation; and

15 WHEREAS, The enterprise infrastructure of the state's wide and local area networks
16 need upgrades to protect them from cyber security attack; and

17 WHEREAS, An integrated professional licensing software platform would increase the
18 regulatory compliance of licensees and increase access and convenience to the public of licensing
19 rules, regulations, and application processing; and

20 WHEREAS, Public education would benefit from outfitting teachers with skills in the use
21 of information systems; and

22 WHEREAS, The state would benefit from a taxation database to enhance tax policy
23 analysis, audits and tax collections; and

24 WHEREAS, The court system requires timely and integrated data systems capable of
25 interacting with other state systems; and

26 WHEREAS, the project costs associated with the Innovative Technology Initiative is
27 \$49.3 million. The total financing obligation of the State of Rhode Island would be
28 approximately \$49.9 million, with \$49.3 million deposited in the construction fund, and \$0.6
29 million available to pay the associated costs of financing. Total payments on the State's
30 obligation over ten (10) years on the \$49.3 million issuance are projected to be \$63.1 million,
31 assuming an average effective interest rate of 4.5%. The payments would be financed within the
32 Department of Administration from general revenue appropriations and Division of Motor
33 Vehicles transaction fees; now, therefore be it

34 RESOLVED, That this General Assembly hereby approves financing in an amount not to

1 exceed \$37.0 million for the provision of funds for Innovative Technology including \$0.5 million
2 to pay costs of financing; provided, that \$3,900,000 be made available from the construction fund
3 for the enterprise infrastructure of the state' s wide and local area network ; and provided, further,
4 that \$1,010,234 be made available from the construction fund for an integrated professional
5 licensing software platform; and provided, further, that \$15,195,154 million be made available
6 from the construction fund for comprehensive education information systems in the department
7 of elementary and secondary education; and provided, further, that \$2,500,000 be available from
8 the construction fund to develop a taxation data base; and provided, further, that \$13,900,000 be
9 available from the construction fund to develop integrated data systems for the judiciary; and be it
10 further

11 RESOLVED, That the General Assembly hereby approves financing in an amount not to
12 exceed \$13,000,000 to develop computer systems to support the division of motor vehicles,
13 including \$12,795,000 for the project and \$205,000 for associated cost of financing; provided that
14 costs of financing would be borne by a surcharge on all transactions over the ten year period; and
15 provided further that the department of administration shall develop and adopt by rule and
16 regulation pursuant to this section that surcharge and structure not to exceed seven (7) years and
17 that all revenues from that surcharge be used exclusively for the payment of the principal,
18 interest, and issuance costs associated with the \$13,000,000 cost of the system; and be it further

19 RESOLVED, That this Joint Resolution shall take effect immediately upon its passage by
20 the general assembly.

21 SECTION 5. *School for the Deaf*

22 WHEREAS The State currently lacks the appropriate facility with furnishings, and
23 equipment to educate and serve the deaf population; and

24 WHEREAS, The General Assembly funded a study in the FY 2006 budget to determine
25 the cost of a new facility, and

26 WHEREAS, The study revealed that a new facility would cost approximately \$31.16
27 million; and

28 WHEREAS, There is state-owned property in Lincoln, Rhode Island which is suitable for
29 the facility; and

30 WHEREAS, The project costs associated with constructing and equipping a new School
31 for the Deaf are estimated to be \$31.16 million. The total financing obligation of the State of
32 Rhode Island would be approximately \$31.25 million, with \$31.16 million deposited in the
33 construction fund, and \$90,000 available to pay the associated costs of financing. Total payments
34 on the State's obligation over twenty (20) years on the \$31.25 million issuance are projected to be

1 \$49.6 million, assuming an average effective interest rate of 5.0%. The payments would be
2 financed within the Department of Administration from general revenue appropriations; now,
3 therefore, be it

4 RESOLVED, That a new School for the Deaf is needed to provide an environment
5 conducive to learning; and be it further

6 RESOLVED, That this General Assembly hereby approves financing in an amount not to
7 exceed \$31.25 million for the construction of a new School for the Deaf; and be it further

8 RESOLVED, That this Joint Resolution shall take effect immediately upon its passage by
9 this General Assembly.

10 *SECTION 6. Urban Revitalization Program*

11 WHEREAS, The Rhode Island Economic Development Corporation (the "Corporation")
12 is a public instrumentality of the State of Rhode Island (the "State"), created by the General
13 Assembly pursuant to Rhode Island General Laws Section 42-64-4 et seq. (as enacted, reenacted,
14 and amended, the ("Act")); and

15 WHEREAS, The general assembly finds that small businesses are the backbone of the
16 Rhode Island economy and that the 24,000 small businesses in Rhode Island are responsible for
17 196,000 jobs, \$16.8 billion in gross state product, and \$41.5 million in state tax revenues; and

18 WHEREAS, Finding good locations for small business growth in urban communities is
19 difficult and is often a serious impediment to the growth of minority and women owned small
20 businesses; and

21 WHEREAS, The Corporation currently has a number of programs that provide assistance
22 to small businesses to gain access to capital, but that in some cases these programs do not meet
23 the needs of those urban minority and women owned small businesses and the communities they
24 serve and are not of a large enough scale to address the problems and opportunities presented by
25 the nearly 11,000 vacant properties in Rhode Island's core cities; and

26 WHEREAS, Stimulating the redevelopment and revitalization of commercial and mixed
27 use properties in urban communities is a critical component of the states job creation strategy and
28 compliments the investments that the state and other organizations are making in affordable
29 housing, education, adult literacy, job training, and social series in these communities; and

30 WHEREAS, The Urban Revitalization Fund of Rhode Island, a nonprofit Rhode Island
31 based Community Development Financial Institution as certified by the United States Treasury
32 Department has the ability to leverage private sector funds and deliver financial products to for-
33 profit and not-for-profit developers in order to stimulate positive urban economic growth; and

34 WHEREAS, The act also provides that the Corporation shall have the power to purchase,

1 take, receive, lease, or otherwise acquire, own, hold, improve, use, and otherwise deal in and
2 with, real or personal property, or any interest therein, wherever situated; to sell, convey,
3 mortgage, pledge, lease, exchange, transfer, and otherwise dispose of all or any part of its
4 property and assets for any consideration and upon any terms and conditions as the corporation
5 shall determine; to lend money for its purposes, invest and reinvest its funds, and at its option to
6 take and hold real and personal property at security for the payment of funds so loaned or
7 invested; to acquire or contract to acquire, from any person, firm, corporation, municipality, the
8 federal government, or the state, or any agency of either the federal government or the state, by
9 grant, purchase, lease, gift, condemnation, or otherwise, or to obtain options for the acquisition of
10 any property, real or personal, improved or unimproved, and interests in land less than the fee
11 thereof; and to own, hold, clear, improve, develop, and rehabilitate, and to sell, assign, exchange,
12 transfer, convey, lease, mortgage, or otherwise dispose or encumber that property for the
13 purposes of carrying out the provisions and intent of this chapter, for any consideration as the
14 corporation shall determine; and to be a promoter, partner, member, associate, or manager of any
15 partnership, enterprise, or venture; and

16 WHEREAS, The act authorizes the Corporation to make contracts and guarantees and
17 incur liabilities, borrow money at any rates of interest as the corporation may determine; to make
18 and execute agreements of lease, conditional sales contracts, installment sales contracts, loan
19 agreements, mortgages, construction contracts, operation contracts, and other contracts and
20 instruments necessary or convenient in the exercise of the powers and functions of the
21 corporation; and

22 WHEREAS, Pursuant to Rhode Island general laws sections 35-18-3 and 35-18-4, the
23 Corporation hereby requests the approval of the general assembly of the Corporation's issuance of
24 not more than \$2,000,000 Rhode Island Economic Development Corporation Guarantees (the
25 "Obligations") for the purpose of supporting commercial revitalization projects in urban areas;
26 and

27 WHEREAS, The financing of the program will be accomplished through issuance of
28 guarantees by the Corporation; and

29 WHEREAS, The Corporation will make up to \$2,000,000 in guarantees available to or on
30 behalf of The Urban Revitalization Fund of Rhode Island; and

31 WHEREAS, The Urban Revitalization Fund intends to initiate a program to utilize the
32 guarantee in order to make loans at a three and one-half percent (3.5%) weighted average interest
33 rate with thirty-six (36) month maximum terms; and

34 WHEREAS, The program will directly benefit the state; and

1 WHEREAS, The total obligations related to the program are anticipated to be
2 \$2,000,000; now, therefore be it

3 RESOLVED, That this general assembly finds that the program is a project of a type and
4 nature consistent with the purposes and within the powers of the Corporation to undertake, and
5 hereby approves the Corporation's issuance of not more than \$2,000,000 in guarantees to or on
6 behalf of The Urban Revitalization Fund of Rhode Island in order to secure a line of credit to
7 fund loans for urban revitalization projects and that may not be used for overhead; and be it
8 further

9 RESOLVED, That these funds are to be used strictly to secure a line of credit to fund
10 guarantees of loans for urban revitalization projects, which guarantees may be of principal and
11 capital interest related to such loans, but shall not be used for overhead other than a fee to The
12 Urban Revitalization Fund of no more than one percent (1%) of any loan made; and be it further

13 RESOLVED, That the program shall allow The Urban Revitalization Fund to use the
14 secured line of credit to secure guarantees of loans to individual companies in lesser amounts,
15 provided that no guarantee made by The Urban Revitalization Fund under this program shall have
16 a term in excess of ten (10) years and the maximum value of any guarantee conveyed under the
17 authority of the program shall not exceed twenty five percent (25%) of the total loan amount; and
18 further, The Urban Revitalization Fund shall not issue any guarantee after the tenth (10th)
19 anniversary of the effective date of this act; however, payments may, if necessary and within the
20 limits of the maximum annual and programmatic guarantee amounts, be made after such term has
21 expired if a claim arising from nonpayment was made within the approved ten (10) year term; and
22 be it further

23 RESOLVED, That the Rhode Island Economic Development Corporation will approve
24 and enter into a contract with The Urban Revitalization Fund, and such contract will include such
25 terms as the Rhode Island Economic Development Corporation deems reasonable and necessary
26 for the administration and monitoring of the program in order to protect the fiscal and policy
27 interests of the state, to assure compliance with the terms of this authorization, and to track the
28 impact of the program, and shall limit the issuance of loan guarantees to seven hundred thousand
29 dollars (\$700,000) in any one year period; and further shall not include for the payment of any
30 fees to the Corporation for the issuance of the guarantee; and be it further

31 RESOLVED, That The Urban Revitalization Fund shall provide the Corporation with the
32 name of any borrower receiving the benefit of the guarantee program and the Corporation shall
33 not approve any other incentives for the benefit of the borrower during the term of the loan
34 guarantee, including, but not limited to, approvals under section 42-64-20 for "project status"; and

1 be it further

2 RESOLVED, That the obligations will be special obligations of the Corporation payable
3 from funds received by the Corporation upon request to the state as may be required from time to
4 time; and be it further

5 RESOLVED, That the General Assembly shall appropriate the amount of fifty thousand
6 dollars (\$50,000) to the Corporation for the purposes of establishing a capital reserve fund
7 pursuant to section 42-64-18, which amount shall be deemed the minimum capital reserve fund
8 requirement pursuant to that section; on or before December first of each year, the Corporation
9 shall make and deliver to the governor a certificate stating the sum, if any, required to restore the
10 capital reserve fund to the minimum capital reserve fund requirement for the fund. During each
11 January session of the general assembly, the governor shall submit to the general assembly as part
12 of the governor's budget, the amount, if any, required to restore the capital reserve fund to the
13 minimum capital reserve fund requirement for the fund. All sums appropriated by the general
14 assembly for this purpose, and paid to the corporation, if any, shall be deposited by the
15 corporation in the applicable capital reserve fund. The maximum fiscal year obligation of the
16 Corporation and the state is \$2,000,000 and the likely maximum fiscal year obligation is
17 \$356,934; and be it further

18 RESOLVED, That the obligation will not constitute indebtedness of the state or any of its
19 subdivisions or a debt for which the full faith and credit of the state or any of its subdivisions is
20 pledged except to the extent that the same replenishes the capital reserve fund, subject to annual
21 budget appropriations; and be it further

22 RESOLVED, That this Joint Resolution shall take effect immediately upon its passage by
23 this general assembly and shall act to repeal the prior resolution of the general assembly found at
24 2005 Public Laws Chapter 117, Article 6, Section 12; provided, that the creation or issuance of
25 any guarantee by the Corporation shall be not later than twelve (12) months from the date of such
26 passage and any initial claims upon such guarantees shall be made no later than ten (10) years
27 from the date of such creation or issuance.

28 SECTION 7. *Energy Service Companies - Equipment Replacement.*

29 WHEREAS, in FY 2005 Rhode Island state government expended approximately \$38.0
30 million on energy utilities for state-owned facilities; and

31 WHEREAS, energy prices increased significantly during FY 2006 and are expected to
32 continue to rise in FY 2007; and

33 WHEREAS, the State of Rhode Island owns in excess of two hundred (200) buildings
34 with boilers, heating systems, air conditioning systems, lighting and control systems many of

1 which are antiquated, inefficient, and are expensive to maintain; and

2 WHEREAS, Various private sector companies, hereinafter referred to as energy service
3 companies are willing to guarantee energy savings to pay for the cost of the replacement of these
4 antiquated and inefficient boilers, heating and air conditioning, lighting and other building
5 systems and equipment; and

6 WHEREAS, several state agencies are seeking to retain energy service companies to
7 undertake energy service contracts; and

8 WHEREAS, State facilities/agencies seeking to undertake energy savings contracts to
9 replace old and obsolete equipment that would be normally be done through the capital budget
10 process and the estimated costs of such contracts include:

11 Department of Administration not to exceed \$6.0 million;

12 University of Rhode Island not to exceed \$18.1 million;

13 Rhode Island College not to exceed \$7.5 million;

14 Rhode Island Airport Corporation not to exceed \$5.0 million;

15 now, therefore, be it

16 RESOLVED, That the State of Rhode Island is authorized to proceed with the
17 aforementioned projects in the amounts specified above, exclusive of financing and servicing
18 costs; and be it further

19 RESOLVED, That these contracts will be structured so that, at a minimum, the annual
20 principal, interest and service and maintenance costs resulting from these contracts would be
21 completely offset by the annual energy savings guaranteed by the energy service companies; and
22 be it further

23 RESOLVED, That these contracts would be multi-year contracts of up to a term of
24 eighteen years. In addition to saving energy and helping to protect the state from future energy
25 cost increases, these contracts would aide in reducing maintenance costs by providing new
26 equipment and replacing older energy consuming systems; and be it further

27 RESOLVED, That this Joint Resolution shall take effect immediately upon its passage by
28 this General Assembly.

29 SECTION 8. *University of Rhode Island Land Parcel*

30 WHEREAS, The University of Rhode Island is proposing a project which involves the
31 purchase of a 114 acre parcel of undeveloped land located immediately north of the University's
32 developed Kingston Campus property; and

33 WHEREAS, The parcel is bound on all sides by University land holdings; to the west by
34 Plains Road and 123 acres of University land, to the north by a 128 acre undeveloped parcel also

1 owned by the University and to the east by another 11 acre University parcel; and

2 WHEREAS, The purchase of this parcel enables contiguous ownership of a large land
3 area north and west of the Kingston Campus; and

4 WHEREAS, The acquisition of this privately held parcel is of potential importance to the
5 future of the University and Campus development; and

6 WHEREAS, The parcel is presently being appraised to determine its value; and

7 WHEREAS, The University will make payments totaling not greater than one million
8 four hundred and ninety-five thousand dollars (\$1,495,000) to purchase the property through an
9 installment purchase agreement with an expected term of eight (8) years; and

10 WHEREAS, The annual payments will be supported by the University general revenues;
11 and

12 RESOLVED, That the total amount of the installment purchase payments shall be limited
13 to not more than \$1,495,000 and payments of not more than \$140,000 will be made in five of the
14 years and not more than \$265,000 will be made in three years of the eight year term; and be it
15 further

16 RESOLVED, That this Joint Resolution shall take effect upon passage by this general
17 assembly.

18 SECTION 9. *Student Athlete Development Center*

19 WHEREAS, The University of Rhode Island is proposing a project which involves the
20 construction of a Student Athlete Development Center located adjacent to and part of the Keaney
21 Gymnasium and Tootell Center at the University of Rhode Island's Kingston Campus; and

22 WHEREAS, The project will involve the construction of the Center and the renovation to
23 portions of Keaney Gymnasium and Tootell Center that will be utilized in support of the Center;
24 and

25 WHEREAS, The student athlete development facilities that currently support University
26 of Rhode Island student athletes are outdated, inadequate, and in disrepair; and

27 WHEREAS, The infrastructure of the University is critical to the success of student
28 athletes and the University; and

29 WHEREAS, Funding for this project will be financed through Rhode Island Health and
30 Educational Building Corporation revenue bonds; and

31 WHEREAS, The project costs are estimated to be \$7,000,000. The total financing
32 obligation of the University would be approximately \$7,210,000, with \$7,000,000 deposited in
33 the construction fund, and \$210,000 available to pay the associated costs of financing. Total
34 payments on the University's obligation over twenty (20) years on the \$7,210,000 issuance are

1 projected to be \$11,200,000, assuming an average interest rate of 4.75 percent; and

2 WHEREAS, Debt service payments would be supported by University general revenues;
3 now, therefore be it

4 RESOLVED, That this General Assembly hereby approved financing in an amount not to
5 exceed \$7,210,000 for the construction of a Student Athlete Development Center; and be it
6 further

7 RESOLVED, That this Joint Resolution shall take effect immediately upon its passage by
8 this General Assembly.

9 SECTION 10. *Healthcare Information Exchange*

10 WHEREAS, A statewide health information exchange would improve the quality, safety,
11 and value of healthcare in the state and allow patients and providers to have their healthcare
12 information when and where they need it by facilitating the exchange of medical information; and

13 WHEREAS, The total project costs associated with the Healthcare Information Exchange
14 are estimated to be \$20 million; and

15 WHEREAS, There are significant benefits to numerous participants in the healthcare
16 industry in Rhode Island; and

17 WHEREAS, The financing for this project could be provided by the Rhode Island Health
18 and Educational Building Corporation or another quasi-public agency through the issuance of
19 revenue bonds to a Regional Health Information Organization to be repaid through subscriber
20 charges; and

21 WHEREAS, This Regional Health Information Organization would be determined by the
22 department of administration following an open bid process and would among other things
23 provide administrative and financial services, operational support; and

24 WHEREAS, The total financing obligation of the State of Rhode Island for a \$20 million
25 health information exchange would be approximately \$6.0 million, with \$5.9 million deposited in
26 the construction fund, and \$0.1 million available to pay the associated costs of financing. Total
27 payments on the state's obligation over ten (10) years on the \$6.0 million issuance are projected to
28 be \$8.0 million, assuming an average effective interest rate of 5.5%. The payments for the state's
29 share would be financed by various state departments subscribing to the system from general
30 revenue appropriations, federal and any other sources which might be available; now, therefore
31 be it

32 RESOLVED, That this General Assembly hereby authorizes the Department of
33 Administration and the Department of Human Services to commit to financing their shares of the
34 initial capitalization and operations of a Health Information Exchange;

1 Provided all Rhode Island domiciled insurers (for both their insured and self-insured
2 plans for Rhode Island residents administered by them or their affiliates), Medicare, and
3 Medicaid participants participate in the same capitalization and operations using a common
4 participation formula in which the state of Rhode Island is a party only to the extent of its
5 Medicaid and state employee and retired employee health plans; and

6 Provided further that each participants' share shall be its covered Rhode Island population
7 divided by the total covered Rhode Island population of all participants or some like formula; and

8 Provided, further that the annual costs of the State of Rhode Island share shall be
9 incorporation into the operating budgets of the respective departments to be approved by the
10 general assembly; now, therefore be it

11 RESOLVED, That the general assembly approves financing in an amount not to exceed
12 \$6.0 million plus interest for the provision of funds for the State of Rhode Island's share of the
13 capital costs associated with the Healthcare Information Exchange and authorizes subscription
14 charges to be paid to include the debt service and the operational costs based upon the state's
15 share of the project; and be it further

16 RESOLVED, That this Joint Resolution shall take effect upon signed agreements
17 between the Regional Health Information Organization and all Rhode Island domiciled insurers,
18 Medicare, and sixty days after submission of those agreements to the Chairperson of the House
19 Finance Committee and the Senate Finance committee and their respective fiscal advisors.

20 SECTION 11. *Masonic Temple*

21 WHEREAS, The Rhode Island Economic Development Corporation (the "Corporation")
22 entered into that certain Ground Lease dated December 20, 2002 (the "Ground Lease") by and
23 between the Corporation and Masonic Hotel Developer, LLC (the "Developer") pursuant to
24 which the Developer is restoring, rehabilitating, redeveloping and preserving the historic Masonic
25 Temple structure (the "Masonic Temple") in order for it to be utilized as a hotel and hospitality
26 center; and

27 WHEREAS, The Developer will invest in excess of \$70,000,000 in the Masonic Temple
28 to facilitate such restoration and reuse of the Masonic Temple; and

29 WHEREAS, The Developer also has invested in the Veterans Memorial Auditorium
30 located adjacent to the Masonic Temple and has cooperated with and donated funds to the
31 Veterans Memorial Auditorium Foundation with respect to the coordinated restoration and
32 rehabilitation of the Veterans Memorial Auditorium in conjunction with the restoration and reuse
33 of the Masonic Temple; and

34 WHEREAS, The General Assembly finds that the State of Rhode Island tax credits

1 earned pursuant to R.I.G.L. section 44-33.2-1 et seq. (historic structures – tax credits) (the
2 "Historic Tax Credits") have had and continue to have the desired effect of stimulating,
3 promoting and encouraging the redevelopment and reuse of historic structures by modern
4 commercial, residential and manufacturing enterprises in order to foster civic beauty, promote
5 public education, pleasure and welfare and otherwise generally improve and enhance the
6 economic well being of the citizens of the State of Rhode Island;

7 WHEREAS, It is anticipated that the Historic Tax Credits with respect to the Masonic
8 Temple will be sold, transferred and conveyed in a manner that results in market conditions
9 causing the user of the Historic Tax Credits to obtain such Historic Tax Credits for an amount
10 that is less than the face amount of the credits; and

11 WHEREAS, Notwithstanding the fact that the Historic Tax Credits when they are sold,
12 will be acquired by the ultimate users of the credits for an amount that is less than the face
13 amount of the credits, the State of Rhode Island still is obligated to honor the Historic Tax Credits
14 at the full face amount of the credits and is obligated to allow the ultimate users to reduce their
15 tax liabilities to the State of Rhode Island by the full face amount of the credits; and

16 WHEREAS, The Developer and the Corporation desire to amend the Ground Lease to
17 provide that Corporation may invest in the Developer, or any affiliate, subsidiary, successor, or
18 related entity in order for the Corporation to control the utilization of the Historic Tax Credits
19 with respect to the Masonic Temple thereby resulting in a savings to the State of Rhode Island;
20 and

21 WHEREAS, The Developer will be entitled to Historic Tax Credits related to the
22 Masonic Temple in an amount equal to no less than \$24,000,000; and

23 WHEREAS, The Developer has offered to contribute and convey control of the rights to
24 the Historic Tax Credits related to the Masonic Temple to an entity that would be controlled by
25 the Corporation in exchange for the Corporation investing \$14,000,000 in the Developer or an
26 entity affiliated with it; and

27 WHEREAS, The Corporation would borrow such \$14,000,000 plus costs on or about
28 March 2007 at rates not to exceed the national average Prime Rate of interest as set forth from to
29 time in the Wall Street Journal, with a term of repayment of not more than three (3) years; and

30 WHEREAS, By way of example, if the Corporation borrowed \$14,000,000 to invest in
31 the Developer as its affiliate, subsidiary, successor or related entity plus \$280,000 of borrowing
32 and transactional costs at a rate per annum of 7% for a term of 3 years with annual payments of
33 amortized principal plus interest, the total cost of the borrowing and investment would be
34 \$16,324,350; and

1 WHEREAS, In furtherance of said example, if the Corporation invested in Developer, its
2 affiliate, subsidiary or successor in a manner that results in control of the utilization of the
3 Historic Tax Credits related to the Masonic Temple of \$24,000,000 in value, then the State of
4 Rhode Island would save the difference between \$24,000,000 minus \$16,324,350 minus fees that
5 otherwise would be paid to utilize the Historic Tax Credits (\$2,400,000), resulting in a net
6 savings to the State of \$5,275,560; and

7 WHEREAS, Pursuant to R.I.G.L. section 35-18-1 et seq., the Corporation hereby
8 requests the approval of the General Assembly of the Corporation's borrowing of up to
9 \$14,280,000 at an amortized rate not to exceed the Prime Rate for a term not to exceed three (3)
10 years (the "Obligations") for the purpose of supporting investment by the Corporation in the
11 Developer or any affiliate, subsidiary, successor, or related party that would allow the
12 Corporation to control the rights to the Historic Tax Credits with respect to the Masonic Temple.

13 NOW, THEREFORE, be it resolved as follows:

14 RESOLVED, That the Corporation, in conjunction with the amendment to the Ground
15 Lease, is authorized to enter into the Obligations for an amount not to exceed \$14,280,000 at a
16 rate per year not to exceed the national average Prime Rate as published from time to time in the
17 Wall Street Journal, for a term not to exceed three (3) years in the form of borrowings, lines of
18 credit, direct loans, notes, bonds or other cost effective means of incurring the Obligations, with
19 transactional costs (including, but not limited to bank or other borrowing charges, other than
20 interest, fees, charges, costs and legal fees) not to exceed two percent (2%) of the Obligations, in
21 order to facilitate the Corporation acquiring an interest in the Developer or its affiliate, subsidiary,
22 or other related entity, such that the control of the Historic Tax Credits related to the Masonic
23 Temple shall be under the control and authority of the Corporation.

24 RESOLVED, That the utilization of the Obligations to invest in the Developer or any
25 subsidiary, successor, or affiliate thereof shall allow the Corporation to acquire control over the
26 Historic Tax Credits relating to the Masonic Temple which otherwise could have reduced the tax
27 revenue available to the State of Rhode Island by an amount equal to no less than \$24,000,000;
28 and

29 RESOLVED, The Corporation shall request the Governor to include in each of the fiscal
30 years following the undertaking by the Corporation of the Obligations an amount equal to the
31 debt service of the Obligations pursuant to the terms set forth in these Resolutions and the
32 General Assembly shall appropriate to the Corporation amounts sufficient to satisfy the debt
33 service of the Obligations.

34 SECTION 12. This article shall take effect upon passage.

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ARTICLE 8 SUBSTITUTE A

RELATING TO MOTOR VEHICLE EMISSIONS INSPECTION FEES

SECTION 1. Section 31-47.1-11 of the General Laws in Chapter 31-47.1 entitled “Motor Vehicle Emissions Inspection Program” is hereby amended to read as follows:

31-47.1-11. Fees. – (a) A fee of forty-seven dollars (\$47.00) is to be charged for each motor vehicle inspected. The amount of fees collected shall provide for the cost of the inspection, the costs of administering the motor vehicle emissions inspection program and other costs provided by law. The fee must be paid for each motor vehicle inspected at an emissions inspection station at the time of the inspection and is payable whether a compliance certificate, waiver certificate, or no certificate is issued. There shall be no fee charged for one reinspection of a vehicle that failed an initial inspection when the reinspection is conducted at the AIRS that conducted the initial inspection.

Of the forty-seven dollars (\$47.00) fee, eighteen dollars (\$18.00) shall be retained by the inspection station owner to cover the costs of performing the inspection. The remaining twenty-nine dollars (\$29.00) shall be remitted to the program manager. The program manager shall retain ~~thirteen dollars (\$13.00)~~ no more than ten dollars (\$10.00) of the fee and remit ~~the remaining sixteen dollars (\$16.00)~~ no less than nineteen dollars (\$19.00) for deposit in the state general fund. The general assembly shall annually appropriate such sums as may be required to cover the costs of administering the program by the division of motor vehicles and the department of environmental management.

(b) The general assembly shall on or before June 30th of each calendar year review the costs and fees associated with the program with the goal of eliminating all fees being directed to the general fund and to eliminate all costs and fees not directly related and necessary to pay the costs of administering the motor vehicle emission inspection program as required under 40 CFR 51.354(a).

SECTION 2. This article shall take effect on January 1, 2007.

ARTICLE 9 SUBSTITUTE A

RELATING TO PHARMACEUTICAL ASSISTANCE TO THE ELDERLY

SECTION 1. Sections 42-66.2-3 and 42-66.2-6 of the General Laws in Chapter 42-66.2 entitled "Pharmaceutical Assistance to the Elderly Act" are hereby amended to read as follows:

42-66.2-3. Definitions. – As used in this chapter, unless the context requires otherwise:

(1) "Consumer" means any full-time resident of the state who fulfills the eligibility requirements set forth in section 42-66.2-5. Residence for purposes of this chapter shall be in accordance with the definitions and evidence standards set forth in section 17-1-3.1.

(2) "Contractor" means a third party or private vendor capable of administering a program of reimbursement for prescription drugs, and drug program eligibility administrative support as required by the director, the vendor to be determined through a competitive bid process in which the director awards a three (3) year contract for services.

(3) "Department" means the department of elderly affairs.

(4) "Director" means the director of the department of elderly affairs.

(5) (i) "Eligible drugs" means insulin, [injectable drugs for multiple sclerosis](#), and shall mean noninjectable drugs which require a physician's prescription according to federal law and which are contained in the following American Hospital Formulary Service pharmacologic-therapeutic classifications categories that have not been determined by the federal "Drug Efficacy and Safety Implementation (DESI) Commission" to lack substantial evidence of effectiveness. Eligible drugs are limited to the following classification categories: cardiac drugs, hypotensive drugs, diuretics, anti-diabetic agents, insulin, disposable insulin syringes, vasodilators (cardiac indications only), anticoagulants, hemorreolgic agents, glaucoma drugs, drugs for the treatment of Parkinson's disease, antilipemic drugs and oral antineoplastic drugs and drugs for the treatment of asthma and other chronic respiratory diseases and prescription vitamin and mineral supplements for renal patients, and drugs approved for the treatment of alzheimer's disease, drugs used for the treatment of depression, those drugs approved for the treatment of urinary incontinence, anti infectives, drugs used for the treatment of arthritis, drugs approved for the treatment of osteoporosis, and neuraminidase inhibiting drugs indicated for the treatment of influenza A and B.

(ii) "Additional drugs" means noninjectable drugs which require a physician's

1 prescription according to federal law and which are contained in the American Hospital
2 Formulary Service pharmacologic-therapeutic classifications categories that have not been
3 determined by the federal "Drug Efficacy and Safety Implementation (DESI) Commission" to
4 lack substantial evidence of effectiveness, which are not included in the definition of drugs as
5 defined in this subdivision. However, this shall not include prescription drugs used for cosmetic
6 purposes.

7 (6) "Income" for the purposes of this chapter means the sum of federal adjusted gross
8 income as defined in the Internal Revenue Code of the United States [26 U.S.C. section 1 et seq.]
9 and all nontaxable income including but not limited to, the amount of capital gains excluded from
10 adjusted gross income, alimony, support money, nontaxable strike benefits, cash public assistance
11 and relief (not including relief granted under this chapter), the gross amount of any pension or
12 annuity (including Railroad Retirement Act benefits [45 U.S.C. section 231 et seq.] all payments
13 received under the federal Social Security Act [42 U.S.C. section 301 et seq.] state unemployment
14 insurance laws, and veterans' disability pensions), nontaxable interest received from the federal
15 government or any of its instrumentalities, workers' compensation, and the gross amount of "loss
16 of time" insurance. It does not include gifts from nongovernmental sources, or surplus foods or
17 other relief in kind supplied by a public or private agency.

18 (7) "Pharmaceutical manufacturer" means any entity holding legal title to or possession
19 of a national drug code number issued by the federal food and drug administration.

20 (8) "Pharmacy" means a pharmacy licensed by the state of Rhode Island.

21 (9) "Pilot program contractor" means Blue Cross and Blue Shield of Rhode Island.

22 **42-66.2-6. Responsibilities of department of elderly affairs.** -- (a) Determination of
23 eligibility. - The department shall adopt regulations relating to the determination of eligibility of
24 prospective consumers and the determination and elimination of program abuse. The department
25 has the power to declare ineligible any consumer who abuses or misuses the established
26 prescription plan. The department has the power to investigate cases of suspected provider or
27 consumer fraud.

28 (b) Rebates for expenses prohibited. - (1) A system of rebates or reimbursements to the
29 consumer for pharmaceutical expenses shall be prohibited.

30 (2) Subdivision (1) shall not be interpreted to exclude other consumers not participating
31 in the pharmaceutical assistance to the elderly program from receiving financial offers or
32 redeemable coupons that are available to only those who have paid for the service or product
33 through direct cash payment, insurance premiums, or cost sharing with an employer.

34 (c) Program criteria. - The program includes the following criteria:

- 1 (1) Collection of the co-payment by pharmacies is mandatory;
- 2 (2) Senior citizens participating in the program are not required to maintain records of
3 each transaction but shall sign a receipt for eligible and additional drugs;
- 4 (3) (i) A system of rebates or reimbursements to the consumer for pharmaceutical
5 expenses is prohibited;
- 6 (ii) This subdivision shall not be interpreted to exclude other consumers from receiving
7 financial offers or redeemable coupons that are available to only those who have paid for the
8 service or product through direct cash payment, insurance premiums, or cost sharing with an
9 employer.
- 10 (4) Prescription benefits for any single prescription may be dispensed in the amounts
11 authorized by the physician, and agreed to by the consumer, up to a maximum of a one hundred
12 (100) day supply or two hundred (200) doses, whichever is less and/or a one hundred (100) day
13 supply or one quart of liquid, whichever is less; provided, however, that disposable insulin
14 syringes are dispensed in a quantity of one hundred (100);
- 15 (5) Experimental drugs are excluded from the program;
- 16 (6) A system of mail order delivery for prescriptions is allowed under this program; and
- 17 (7) Eligible and additional drugs must be dispensed within one year of the original
18 prescription order.
- 19 (d) The director shall issue an eligibility card containing a program ID number and the
20 time period for which the card is valid.
- 21 (e) The director shall institute and conduct an educational outreach program and shall
22 provide a mechanism, within the department, to handle all public inquiries concerning the
23 program.
- 24 (f) The director shall establish a process, in accordance with the Administrative
25 Procedures Act, chapter 35 of this title, to provide an appeals hearing on the determination of
26 eligibility.
- 27 (g) The director shall forward to the contractor a list of all eligible consumers.
- 28 (h) Expenditures for multiple sclerosis drugs shall not exceed thirty thousand dollars
29 (\$30,000.00).

30 SECTION 2. This article shall take effect on July 1, 2006.

31

1 she had reasonable grounds to believe the arrested person had been driving a motor vehicle within
2 this state under the influence of intoxicating liquor, toluene, or any controlled substance, as
3 defined in chapter 28 of title 21, or any combination of these; that the person had been informed
4 of his or her rights in accordance with § 31-27-3; that the person had been informed of the
5 penalties incurred as a result of noncompliance with this section; and that the person had refused
6 to submit to the tests upon the request of a law enforcement officer; shall promptly order that the
7 person's operator's license or privilege to operate a motor vehicle in this state be immediately
8 suspended and that the person's license be surrendered within five (5) days of notice of
9 suspension. A traffic tribunal judge pursuant to the terms of subsection (c) of this section shall
10 order as follows:

11 (1) Impose for the first violation a fine in the amount of two hundred dollars (\$200) to
12 five hundred dollars (\$500) and shall order the person to perform ten (10) to sixty (60) hours of
13 public community restitution. The person's driving license in this state shall be suspended for a
14 period of three (3) months to six (6) months. The traffic tribunal judge shall require attendance at
15 a special course on driving while intoxicated or under the influence of a controlled substance
16 and/or alcohol or drug treatment for the individual.

17 (2) Impose for a second violation within a five (5) year period a fine in the amount of
18 three hundred dollars (\$300) to five hundred dollars (\$500), and the person's driving license in
19 this state shall be suspended for a period of one year to two (2) years. The traffic tribunal judge
20 shall require alcohol and/or drug treatment for the individual.

21 (3) Impose for a third or subsequent violation within a five (5) year period a fine of four
22 hundred dollars (\$400) to five hundred dollars (\$500), and the person's operator's license in this
23 state shall be suspended for a period of two (2) years to three (3) years. The traffic tribunal judge
24 shall require alcohol or drug treatment for the individual. Provided, that prior to the reinstatement
25 of a license to a person charged with a third or subsequent violation within a three (3) year period,
26 a hearing shall be held before a traffic tribunal judge. At the hearing the traffic tribunal judge
27 shall review the person's driving record, his or her employment history, family background, and
28 any other pertinent factors that would indicate that the person has demonstrated behavior which
29 warrants the reinstatement of his or her license.

30 (4) For purposes of determining the period of license suspension, a prior violation shall
31 constitute any charge brought and sustained under the provisions of this section or § 31-27-2.

32 (5) In addition to any other fines, a highway safety assessment of five hundred dollars
33 (\$500) shall be paid by any person found in violation of this section, the assessment to be
34 deposited into the general fund. The assessment provided for by this subsection shall be collected

1 from a violator before any other fines authorized by this section.

2 (6) In addition to any other fines and highway safety assessments, a two hundred dollar
3 (\$200) assessment shall be paid by any person found in violation of this section to support the
4 department of health's chemical testing programs outlined in §31-27-2 (4), which shall be
5 deposited as general revenues, not restricted receipts.

6 ~~(6)~~ (7) No fines, suspensions, assessments, alcohol or drug treatment programs, course on
7 driving while intoxicated or under the influence of a controlled substance, or public community
8 restitution provided for under this section, can be suspended.

9 (c) Upon suspending or refusing to issue a license or permit as provided in subsection (a)
10 of this section, the traffic tribunal shall immediately notify the person involved in writing, and
11 upon his or her request, within fifteen (15) days shall afford the person an opportunity for a
12 hearing as early as practical upon receipt of a request in writing. Upon a hearing the traffic
13 tribunal judge may administer oaths and may issue subpoenas for the attendance of witnesses and
14 the production of relevant books and papers. If the traffic tribunal judge finds after the hearing
15 that: (1) the law enforcement officer making the sworn report had reasonable grounds to believe
16 that the arrested person had been driving a motor vehicle within this state while under the
17 influence of intoxicating liquor, toluene, or any controlled substance, as defined in chapter 28 of
18 title 21, or any combination of these; (2) the person while under arrest refused to submit to the
19 tests upon the request of a law enforcement officer; (3) the person had been informed of his or her
20 rights in accordance with § 31-27-3; and (4) the person had been informed of the penalties
21 incurred as a result of noncompliance with this section; the traffic tribunal judge shall sustain the
22 violation. The traffic tribunal judge shall then impose the penalties set forth in subsection (b) of
23 this section. Action by the traffic tribunal judge must be taken within seven (7) days after the
24 hearing, or it shall be presumed that the traffic tribunal judge has refused to issue his or her order
25 of suspension.

26 (d) For the purposes of this section, any test of a sample of blood, breath, or urine for the
27 presence of alcohol which relies in whole or in part upon the principle of infrared light absorption
28 is considered a chemical test.

29 (e) If any provision of this section or the application of any provision shall for any reason
30 be judged invalid, the judgment shall not affect, impair, or invalidate the remainder of the section,
31 but shall be confined in this effect to the provisions or application directly involved in the
32 controversy giving rise to the judgment.

33 SECTION 2. This article shall take effect on July 1, 2006.

34
35

1 Forfeited property – Gambling
2 Attorney General
3 Forfeiture of property
4 Federal forfeitures
5 Attorney General multi-state account
6 Department of Administration
7 Restore and replacement – Insurance coverage
8 Convention Center Authority rental payments
9 Investment Receipts – TANS
10 Car Rental Tax/Surcharge-Warwick Share
11 Legislature
12 Audit of federal assisted programs
13 Department of Elderly Affairs
14 Pharmaceutical Rebates Account
15 Department of Children Youth and Families
16 Children’s Trust Accounts – SSI
17 Military Staff
18 RI Military Family Relief Fund
19 Treasury
20 Admin. Expenses – State Retirement System
21 Retirement – Treasury Investment Options
22 SECTION 2. This article shall take effect upon passage.
23
24

ARTICLE 12 SUBSTITUTE A

RELATING TO GENERAL PUBLIC ASSISTANCE - HARDSHIP ASSISTANCE FUND

SECTION 1. Hardship Contingency Fund – FY 2006 Revised – Out of the general revenue sum appropriated to the department of human services in Article 1 for general public assistance, the sum of nine hundred one thousand five hundred eighty nine dollars (\$901,589) may be used as a hardship contingency fund for the purposes and subject to the limitations hereinafter provided; said revised funding level being two hundred seventy one thousand one hundred ten dollars (\$271,110) greater than the FY 2006 enacted levels. The state controller is hereby authorized and directed to draw his or her order upon the general treasurer for the payment of such sums or such portions thereof as may be required from time to time upon receipt by him or her of duly authenticated vouchers. From the aforesaid appropriation for hardship contingency, the director of the department of human services, in his or her sole discretion, may authorize payments of cash assistance benefits up to two hundred dollars (\$200) per month upon a showing of hardship by an individual who is eligible for general public assistance medical benefits under Section 40-6-3.1; provided, however, that individuals who are determined eligible for medical assistance (“Medicaid”) under Title XIX of the Social Security Act, 42 U.S.C. Section 1396 et seq., or who are determined eligible to receive an interim cash assistance payment for the disabled pursuant to Section 40-6-28, shall not be eligible for assistance under this section. The director shall not be required to promulgate any new, additional or separate rules or regulations in connection with his or her disbursement of the contingency fund created hereby.

SECTION 2. Hardship Contingency Fund – FY 2007 – Out of the general revenue sum appropriated to the department of human services in Article 1 for general public assistance, the sum of eight hundred seventy three thousand nine hundred forty dollars (\$873,940) may be used as a hardship contingency fund for the purposes and subject to the limitations hereinafter provided. The state controller is hereby authorized and directed to draw his or her order upon the general treasurer for the payment of such sums or such portions thereof as may be required from time to time upon receipt by him or her of duly authenticated vouchers. From the aforesaid appropriation for hardship contingency, the director of the department of human services, in his or her sole discretion, may authorize payments of cash assistance benefits up to two hundred

1 dollars (\$200) per month upon a showing of hardship by an individual who is eligible for general
2 public assistance medical benefits under Section 40-6-3.1; provided, however, that individuals
3 who are determined eligible for medical assistance (“Medicaid”) under Title XIX of the Social
4 Security Act, 42 U.S.C. Section 1396 et seq., or who are determined eligible to receive an interim
5 cash assistance payment for the disabled pursuant to Section 40-6-28, shall not be eligible for
6 assistance under this section. The director shall not be required to promulgate any new,
7 additional or separate rules or regulations in connection with his or her disbursement of the
8 contingency fund created hereby.

9 SECTION 2. This article shall take effect as of July 1, 2006.

10

1 **ARTICLE 13 SUBSTITUTE A**

2 RELATING TO HOSPITAL UNCOMPENSATED CARE

3 SECTION 1. Sections 40-8.3-2 and 40-8.3-3 of the General Laws in Chapter 40-8.3
4 entitled "Uncompensated Care" are hereby amended to read as follows:

5 **§ 40-8.3-2. Definitions.** – As used in this chapter:

6 (1) "Base year" means for the purpose of calculating a disproportionate share payment for
7 any fiscal year ending after September 30, 2005, the period from October 1, 2003 through
8 September 30, 2004.

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

14 (3) "Participating hospital" means any nongovernment and nonpsychiatric hospital that:
15 (i) was licensed as a hospital in accordance with chapter 17 of title 23 during the base year, (ii)
16 achieved a medical assistance inpatient utilization rate of at least one percent (1%) during the
17 base year, and (iii) continues to be licensed as a hospital in accordance with chapter 17 of title 23
18 during the payment year.

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

26 (5) "Uncompensated care index" means the annual percentage increase for hospitals
27 established pursuant to § 27-19-14 for each year after the base year, up to and including the
28 payment year, provided, however, that the uncompensated care index for the payment year ending
29 September 30, 2005 shall be deemed to be five and eighty-five hundredths percent (5.85%), and
30 that the uncompensated care index for the payment year ending September 30, 2006 shall be

1 deemed to be five and fifty hundredths percent (5.50%)~~), and that the uncompensated care index~~
2 for the payment year ending September 30, 2007 shall be deemed to be five and forty seven
3 hundredths percent (5.47%).

4 **§ 40-8.3-3. Implementation.** – (a) For the fiscal year commencing on October 1, 200~~5~~
5 and ending September 30, ~~2006~~ 2007, the department of human services shall submit to the
6 Secretary of the U.S. Department of Health and Human Services a state plan amendment to the
7 Rhode Island Medicaid state plan for disproportionate share hospital payments (DSH Plan) to
8 provide:

9 (1) Disproportionate share hospital payments to all participating hospitals not to exceed
10 an aggregate limit of \$97.8 million, to be allocated by the department to the Pool A, Pool C and
11 Pool D components of the DSH Plan;

12 (2) That the Pool D allotment shall be distributed among the participating hospitals in
13 direct proportion to the individual participating hospitals uncompensated care costs for the base
14 year inflated by the uncompensated care index to the total uncompensated care costs for the base
15 year inflated by uncompensated care index for all participating hospitals. The disproportionate
16 share payments shall be made on or before ~~December 15, 2005~~ July 16, 2007 and are expressly
17 conditioned upon approval on or before ~~December 8, 2005~~ July 9, 2007 by the Secretary of the
18 U.S. Department of Health and Human Services, or his or her authorized representative, of all
19 Medicaid state plan amendments necessary to secure for the state the benefit of federal financial
20 participation in federal fiscal year ~~2006~~ 2007 for the disproportionate share payments.

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

24 SECTION 2. This article shall take effect upon passage.

ARTICLE 14 SUBSTITUTE A

RELATING TO CHILD CARE -- STATE SUBSIDIES

SECTION 1. Section 40-6.2-1.1 of the General Laws in Chapter 40-6.2 entitled "Child Care- State Subsidies" is hereby amended to read as follows:

§ 40-6.2-1.1. Rates Established. -- (a) Subject to the payment limitations in section (b), the maximum reimbursement rates to be paid by the Departments of Human Services and Children, Youth and Families for licensed child care centers and certified family-child care providers shall be based on the following schedule of the 75th percentile of weekly market rates:

LICENSED	75th PERCENTILE
CHILD CARE	OF WEEKLY
CENTERS	MARKET RATE

INFANT	\$182.00
PRESCHOOL	\$150.00
SCHOOL-AGE	\$135.00

CERTIFIED	75th
FAMILY	PERCENTILE
CHILD CARE	OF WEEKLY
PROVIDERS	MARKET RATE

INFANT	\$150.00
PRESCHOOL	\$150.00
SCHOOL-AGE	\$135.00

(b) The department shall pay child care providers based on the lesser of the applicable rate specified in section (a), or the lowest rate actually charged by the provider to any of its public or private child care customers with respect to each of the rate categories, infant, preschool and school-age.

(c) By June 30, 2004 and biennially thereafter, the Department of Labor and Training shall conduct an independent survey or certify an independent survey of the then current weekly

1 market rates for child care in Rhode Island and shall forward such weekly market rate survey to
2 the Department of Human Services. The Departments of Human Services and Labor and Training
3 will jointly determine the survey criteria including, but not limited to, rate categories and sub-
4 categories. The 75th percentile of weekly market rates in the table in subsection (a) shall be
5 adjusted by the surveys conducted under this subsection, beginning January 1, 2006 and
6 biennially thereafter; provided, however, that the weekly market rates in the table in subsection
7 (a) shall be adjusted by the ~~2004~~ 2006 market rate survey beginning July 1, ~~2006~~ 2007. For the
8 purposes of this section, and until adjusted in accordance with this subsection, the 75th percentile
9 of weekly market rate shall mean the 2002 Department of Human Services Child Care Market
10 Survey.

11 (d) The department of human services is authorized and directed to establish rates of
12 reimbursement for appropriate child care provided to children older than twelve (12) years of age,
13 so as to implement the provisions of § 40- 5.1-17(b).

14 (e) In order to expand the accessibility and availability of quality child care, the
15 department of human services is authorized to establish by regulation alternative or incentive
16 rates of reimbursement for quality enhancements, innovative or specialized child care and
17 alternative methodologies of child care delivery, including non-traditional delivery systems and
18 collaborations.

19 SECTION 2. This article shall take effect as of July 1, 2006.

20

1 **ARTICLE 15 SUBSTITUTE A**

2 RELATING TO NURSING FACILITIES

3 SECTION 1. Section 40-8-19 -of the General Laws in Chapter 40-8 entitled "Medical
4 Assistance" is hereby amended to read as follows:

5 **§ 40-8-19. Rates of payment to nursing facilities.** – (a) The rates to be paid by the state
6 to nursing facilities licensed pursuant to chapter 17 of title 23, and certified to participate in the
7 title XIX medicaid program for services rendered to medicaid-eligible residents, shall be
8 reasonable and adequate to meet the costs which must be incurred by efficiently and
9 economically operated facilities in accordance with 42 U.S.C. § 1396a(a)(13). The department of
10 human services shall promulgate or modify the principles of reimbursement for nursing facilities
11 currently in effect on July 1, 2003 to be consistent with the provisions of this section and title
12 XIX, 42 U.S.C. § 1396 et seq., of the Social Security Act.

13 (b) Rate reform. Subject to the phase-in provisions in subsections (c) and (d) below, the
14 department shall, on or before October 1, 2005, modify the principles of reimbursement for
15 nursing facilities to include the following elements:

16 (1) Annual base years;

17 (2) Four (4) cost centers: direct labor, property, other operating, and pass through items;

18 (3) Re-array of costs of all facilities in the labor and other operating cost centers every
19 three (3) years beginning with calendar year 2002;

20 (4) A ceiling maximum for allowable costs in the direct labor cost center to be
21 established by the department between one hundred ten percent (110%) and one hundred twenty-
22 five percent (125%) of the median for all facilities for the most recent array year.

23 (5) A ceiling maximum for allowable costs in the other operating cost center to be
24 established by the department between ninety percent (90%) and one hundred fifteen percent
25 (115%) of the median for all facilities for the most recent array year;

26 (6) Adjustment of costs and ceiling maximums by the increase in the National Nursing
27 Home Price Index ("NNHPI") for the direct labor cost center and the other operating cost center
28 for year between array years; such adjustments to be applied on October 1st of each year
29 beginning October 1, 2003 for the direct labor cost center and October 1, 2005 for the other
30 operating cost center, except for the fiscal year beginning July 1, 2006 for which the price index

1 [shall be applied on February 1, 2007.](#)

2 (7) Application of a fair rental value system to be developed by the department for
3 calculating allowable reimbursement for the property cost center;

4 (8) Such quality of care and cost containment incentives as may be established by
5 departmental regulations.

6 (c) [Phase I Implementation](#). The department shall file a state plan amendment with the
7 U.S. Department of Health and Human Services on or before August 1, 2003 to modify the
8 principles of reimbursement for nursing facilities, to be effective on October 1, 2003, or as soon
9 thereafter as is authorized by an approved state plan amendment, to establish the direct labor cost
10 center and the pass through items cost center utilizing calendar year 2002 cost data, and to apply
11 the ceiling maximums in subsections (b)(4) and (b)(5) above. Nursing facilities whose allowable
12 2002 direct labor costs are below the median in the direct labor cost center may make application
13 to the department for a direct labor cost interim payment adjustment equal to twenty-five percent
14 (25%) of the amount such allowable 2002 direct labor costs are below the median in the direct
15 labor cost center, provided that the interim payment adjustment granted by the department on or
16 after October 1, 2003 must be expended by the facility on expenses allowable within the direct
17 labor cost center, and any portion of the interim payment not expended on allowable direct labor
18 cost center expenses shall be subject to retroactive adjustment and recoupment by the department
19 upon the department's determination of a final direct labor payment adjustment after review of the
20 facility's actual direct labor expenditures. The final direct labor payment adjustment will be
21 included in the facility's October 1, 2004 rate until the facility's next base year.

22 (d) [Phase II Implementation](#). The department shall file a state plan amendment with the
23 U.S. Department of Health and Human Services to modify the principles of reimbursement for
24 nursing facilities, to be effective on September 1, 2004, or as soon thereafter as is authorized by
25 an approved state plan amendment, to establish a fair rental value system for calculating
26 allowable reimbursement for the property cost center in accordance with subsection (b)(7) above;
27 provided, however, that no facility shall receive a payment as of September 1, 2004 for property-
28 related expenses pursuant to the fair rental value system that is less than the property-related
29 payment they would have received for the other property-related ("OPR") cost center system in
30 effect as of June 30, 2004.

31 SECTION 2. Chapter 40-8 of the General Laws entitled "Medical Assistance" is hereby
32 amended by adding thereto the following section:

33 **40-8-20.1. Prospective rate increments.** – [The department may consider the granting of](#)
34 [a prospective rate that reflects demonstrated cost increases in excess of the rate that has been](#)

1 established by the application of the percentage increase. In order to qualify for the rate
2 increment, demonstrated increased costs must be the result of:
3 (a) Demonstrated errors made during the rate determination process;
4 (b) Significant increases in operating costs resulting from the implementation of new or
5 additional programs, services or staff specifically mandated by the Rhode Island department of
6 health;
7 (c) Significant increases in operating costs resulting from capital renovations, expansion,
8 or replacement required for compliance with fire safety codes and/or certification requirements of
9 the Rhode Island department of health;
10 (d) Significant increases in workers' compensation and/or health insurance premiums
11 which cannot be accommodated within the nursing facility's assigned aggregate per diem rate, if
12 cost justified; provided, that assigned per diem rate in the labor and payroll related expenses cost
13 center does not exceed two percent (2%) of the cost center ceiling; or
14 (e) Extraordinary circumstances, including, but not limited to, acts of God, and inordinate
15 increases in energy costs (e.g. federal BTU tax, regional or national energy crisis). Inordinate
16 increases in energy costs will be immediately reflected in increased rates above the energy cost
17 center ceiling maximum. Provided, however, that such increases will be rescinded immediately
18 upon cessation of the extraordinary circumstance. All requests for rate increments shall be limited
19 to one request per nursing facility for the factors set forth in sections (2) and (3); provided,
20 additional requests involving a per diem increase in excess of one percent of the nursing facility's
21 previously assigned aggregate per diem rate shall also be reviewed. Before a nursing facility shall
22 be permitted to file for a rate increment, increases in operating costs set forth in sections (2) and
23 (3) must have been incurred for a period of not less than three (3) months in order to establish
24 proof of the increase. Rate adjustments granted as a result of a request filed within one hundred
25 twenty (120) days after the costs were first incurred shall be made effective retroactively to the
26 date the costs were actually incurred; provided, further, any adjustments granted as a result of
27 requests filed more than one hundred twenty (120) days after the costs were first incurred will be
28 effective on the first day of the month following the filing of the request.

29 SECTION 3. This article shall take effect upon passage.

1 **ARTICLE 16 SUBSTITUTE A**

2 RELATING TO MUNICIPAL TIPPING FEES

3 SECTION 1. Section 39-3-11.2 of the General Laws in Chapter 39-3 entitled "Regulatory
4 Powers of Administration" is hereby amended to read as follows:

5 **39-3-11.2. Interim rates.** -- Notwithstanding the provisions of titles 23 and 39, the
6 municipal tipping fee charged by the resource recovery corporation shall be thirty-two dollars
7 (\$32.00) per ton from July 1, ~~2005~~ 2006 to June 30, ~~2006~~ 2007.

8 SECTION 2. This article shall take effect as of July 1, 2006.

9

ARTICLE 17 SUBSTITUTE A

RELATING TO STATE AID

SECTION 1. Section 45-13-1 of the General Laws in Chapter 45-13 entitled "State Aid" is hereby amended to read as follows:

§ 45-13-1. Apportionment of annual appropriation for state aid. – (a) As used in this chapter, the following words and terms have the following meanings:

(1) "Population" means the most recent estimates of population for each city and town as reported by the United States department of commerce, bureau of the census.

(2) "Income" means the most recent estimate of per-capita income for a city, town or county as reported by the United States department of commerce, bureau of the census.

(3) "Tax effort" means the total taxes imposed by a city or town for public purposes or the totals of those taxes for the cities or towns within a county (except employee and employer assessments and contributions to finance retirement and social insurance systems and other special assessments for capital outlay) determined by the United States secretary of commerce for general statistical purposes and adjusted to exclude amounts properly allocated to education expenses.

(4) "Reference year" means the second fiscal year preceding the beginning of the fiscal year in which the distribution of state aid to cities and towns is made.

(b) Aid to cities and towns shall be apportioned as follows: For each county, city or town, let R be the tax effort divided by the square of per capita income, i.e., $R = (\text{tax effort})/(\text{income} \times \text{income})$.

The amount to be allocated to the counties shall be apportioned in the ratio of the value of R for each county divided by the sum of the values of R for all five (5) counties.

The amount to be allocated for all cities and for all towns within a county shall be the allocation for that county apportioned proportionally to the total tax effort of the towns and cities in that county.

The amount to be allocated to any city or town is the amount allocated to all cities or all towns within the county apportioned in the ratio of the value of R for that city (or town) divided by the sum of the values of R for all cities (or all towns) in that county; provided, further, that no city or town shall receive an entitlement in excess of one hundred forty-five percent (145%) of

1 that city or town's population multiplied by the average per capita statewide amount of the annual
2 appropriation for state aid to cities and towns. Any excess entitlement shall be allocated to the
3 remainder of the cities and towns in the respective county in accordance with the provisions of
4 this section. For fiscal year 2004, notwithstanding the provisions of subsection (a), aid
5 calculations shall be based on a blended rate of ninety percent (90%) of the data from the 1990
6 census and ten percent (10%) of the data from the 2000 census. In each of the succeeding nine
7 (9) fiscal years, the calculations shall be based on a blended rate that increases the percentage of
8 data utilized from the 2000 census by ten percent (10%) from the previous year and decreases the
9 percentage of the data utilized from the 1990 census by ten percent (10%) from the previous year.

10 (c) The total amount of aid to be apportioned pursuant to subsection (b) above shall be
11 specified in the annual appropriation act of the state and shall be equal to the following:

12 (i) For fiscal years ending June 30, 1994 through June 30, 1998, the total amount of aid
13 shall be based upon one percent (1%) of total state tax revenues in the reference year.

14 (ii) For the fiscal year ending June 30, 1999, the total amount of aid shall be based upon
15 one and three-tenths percent (1.3%) of total state tax revenues in the reference year.

16 (iii) For the fiscal year ending June 30, 2000, the total amount of aid shall be based upon
17 one and seven-tenths percent (1.7%) of total state tax revenues in the reference year.

18 (iv) For the fiscal year ending June 30, 2001, the total amount of aid shall be based upon
19 two percent (2.0%) of total state tax revenues in the reference year.

20 (v) For the fiscal year ending June 30, 2002, the total amount of aid shall be based upon
21 two and four-tenths percent (2.4%) of total state tax revenues in the reference year.

22 (vi) For the fiscal year ending June 30, 2003, the total amount of aid shall be based upon
23 two and four-tenths percent (2.4%) of total state tax revenues in the reference year.

24 (vii) For the fiscal year ending June 30, 2004, the total amount of aid shall be based upon
25 two and seven-tenths percent (2.7%) of total state tax revenues in the reference year.

26 (viii) For the fiscal year ending June 30, 2005, the total amount of aid shall fifty-two
27 million four hundred thirty-eight thousand five hundred thirty-two dollars (\$52,438,532).

28 (ix) For the fiscal year ending June 30, 2006, the total amount of aid shall be based upon
29 three percent (3.0%) of total state tax revenues in the reference year.

30 (x) For the fiscal year ending June 30, 2007 the total amount of aid shall be ~~based upon~~
31 ~~three and four tenths percent (3.4%) of total state tax revenues in the reference year~~ Sixty-four
32 million six hundred sixty nine thousand three dollars (\$64,699,003).

33 (xi) For the fiscal year ending June 30, 2008, the total amount of aid shall be based upon
34 three and seven-tenths percent (3.7 %) of total state tax revenues in the reference year.

1 (xii) For the fiscal year ending June 30, 2009, the total amount of aid shall be based upon
2 four and one-tenths percent (4.1%) of total state tax revenues in the reference year.

3 (xiii) For the fiscal year ending June 30, 2010, the total amount of aid shall be based upon
4 four and four-tenths percent (4.4%) of total state tax revenues in the reference year.

5 (xiv) For the fiscal year ending June 30, 2011, the total amount of aid shall be based upon
6 four and seven-tenths percent (4.7%) of total state tax revenues in the reference year.

7 (d) The assent of two-thirds (2/3) of the members elected to each house of the general
8 assembly shall be required to repeal or amend this section .

9 SECTION 2. This article shall take effect upon passage.

10
11

1 **ARTICLE 18 SUBSTITUTE A**

2 RELATING TO LICENSING OF HOSPITAL FACILITIES

3 SECTION 1. Section 23-17-38.1 of the General Laws in Chapter 23-17 entitled
4 "Licensing of Health Care Facilities" is hereby amended as follows:

5 **§ 23-17-38.1. Hospitals – Licensing Fee.** – (a) There is imposed a hospital licensing fee
6 at the rate of three and fifty-six hundredths percent (3.56%) upon the net patient services revenue
7 of every hospital for the hospital's first fiscal year ending on or after January 1, 2004. This
8 licensing fee shall be administered and collected by the tax administrator, division of taxation
9 within the department of administration, and all the administration, collection and other
10 provisions of chapter 50 and 51 of title 44 shall apply. Every hospital shall pay the licensing fee
11 to the tax administrator on or before ~~December 15, 2005~~ July 16, 2007 and payments shall be
12 made by electronic transfer of monies to the general treasurer and deposited to the general fund in
13 accordance with § 44-50-11. Every hospital shall, on or before ~~November 30, 2005~~ June 15,
14 2007 make a return to the tax administrator containing the correct computation of net patient
15 services revenue for the hospital fiscal year ending ~~September 30, 2003~~ September 30, 2004, and
16 the licensing fee due upon that amount. All returns shall be signed by the hospital's authorized
17 representative, subject to the pains and penalties of perjury.

18 (b) For purposes of this section the following words and phrases have the following
19 meanings:

20 (1) "Hospital" means a person or governmental unit duly licensed in accordance with this
21 chapter to establish, maintain, and operate a hospital, except a hospital whose primary service and
22 primary bed inventory are psychiatric.

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

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

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

1 (d) The licensing fee imposed by this section shall be in addition to the inspection fee
2 imposed by § 23-17-38 and to any licensing fees previously imposed in accordance with § 23-17-
3 38.1.

4 SECTION 2. This article shall take effect on July 1, 2006 and shall apply to hospitals, as
5 defined in Section 1, which are duly licensed on July 1, 2006. The licensing fee imposed by
6 Section 1 shall be in addition to the inspection fee imposed by § 23-17-38 and to any licensing
7 fees previously imposed in accordance with § 23-17-38.1.

1 shall not in any event be deducted from the amount of the local appropriation required to meet the
2 maintenance of effort provision in any given year.

3 SECTION 2. Sections 16-7.1-5 and 16-7.1-15 of the General Laws in Chapter 16-7.1
4 entitled "The Rhode Island Student Investment Initiative" are hereby amended to read as follows:

5 **16-7.1-5. Intervention and support for failing schools.** -- (a) The board of regents shall
6 adopt a series of progressive support and intervention strategies consistent with the
7 Comprehensive Education Strategy and the principles of the "School Accountability for Learning
8 and Teaching" (SALT) of the board of regents for those schools and school districts that continue
9 to fall short of performance goals outlined in the district strategic plans. These strategies shall
10 initially focus on: (1) technical assistance in improvement planning, curriculum alignment,
11 student assessment, instruction, and family and community involvement; (2) policy support; (3)
12 resource oversight to assess and recommend that each school has adequate resources necessary to
13 meet performance goal; and (4) creating supportive partnerships with education institutions,
14 business, governmental, or other appropriate nonprofit agencies. If after a three (3) year period of
15 support there has not been improvement in the education of students as determined by objective
16 criteria to be developed by the board of regents, then there shall be progressive levels of control
17 by the department of elementary and secondary education over the school and/or district budget,
18 program, and/or personnel. This control by the department of elementary and secondary
19 education may be exercised in collaboration with the school district and the municipality. If
20 further needed, the school shall be reconstituted. Reconstitution responsibility is delegated to the
21 board of regents and may range from restructuring the school's governance, budget, program,
22 personnel, and/or may include decisions regarding the continued operation of the school. The
23 board of regents shall assess the district's capacity and may recommend the provision of
24 additional district, municipal and/or state resources. If a school or school district is under the
25 board of regents' control as a result of actions taken by the board pursuant to this section, the local
26 school committee shall be responsible for funding that school or school district at the same level
27 as in the prior academic year increased by the same percentage as the state total of school aid is
28 increased.

29 (b) For FY ~~2006~~ 2007, the department shall dedicate one hundred thousand dollars
30 (\$100,000) from funds appropriated to support progressive support and intervention and SALT
31 visits to support the Rhode island Consortium for Instructional Leadership and Training. This
32 consortium is engaged in training school leaders to be more effective instructional leaders in the
33 standards based instruction environment.

34 **16-7.1-15. The Rhode Island student investment initiative.** -- (a) Each locally or

1 regionally operated school district shall receive as a base the same amount of school aid as each
 2 district received in fiscal year 1997-1998, adjusted to reflect the increases or decreases in aid
 3 enacted to meet the minimum and maximum funding levels established for FY 2000 through ~~FY~~
 4 ~~2005~~ FY 2006. Each school district shall also receive school aid through each investment fund for
 5 which that district qualifies pursuant to §§ 16-7.1-8, 16-7.1-9, 16-7.1-10, 16-7.1-11, 16-7.1-12,
 6 16-7.1-16 and 16-7.1-19. These sums shall be in addition to the base amount described in this
 7 section. For FY 2007, the reference year for the data used in the calculation of aid pursuant to
 8 §§16-7.1-8, 16-7.1-9, 16-7.1-10, 16-7.1-11, 16-7.1-12, and 16-7.1-16 shall be FY 2004.
 9 Calculation and distribution of education aid under §§ 16-5-31, 16-5-32, 16-7-20, 16-7-20.5, 16-
 10 7-34.2, 16-7-34.3, 16-24-6, 16-54-4, and 16-67-4 is hereby suspended. The funding of the
 11 purposes and activities of chapter 67 of this title, the Rhode Island Literacy and Dropout
 12 Prevention Act of 1967, shall be the same amount of the base amount of each district funded for
 13 that purpose in fiscal year 1997-1998. In addition each district shall expend three percent (3%) of
 14 its student equity and early childhood funds under the provisions of chapter 67 of this title.

15 (b) Funding for full day kindergarten programs in accordance with § 16-7.1-11.1 shall be
 16 in addition to funding received under this section.

17 (c) Funding distributed under §§ 16-77.1-2(b) and 16-64-1.1 shall be in addition to
 18 funding distributed under this section.

19 (d) There shall be an appropriation to ensure that total aid distributed to communities in
 20 ~~FY 2006~~ FY 2007 under this section and §§ 16-7.1-11.1, 16-64-1.1 and 16-77.1-2(b) shall be as
 21 follows:

22	Barrington	2,479,907	<u>2,599,526</u>
23	Burrillville	13,145,661	<u>13,779,743</u>
24	Charlestown	1,910,676	<u>2,002,838</u>
25	Coventry	19,151,316	<u>20,075,081</u>
26	Cranston	33,943,638	<u>35,580,911</u>
27	Cumberland	12,646,981	<u>13,257,009</u>
28	East Greenwich	1,860,042	<u>1,949,761</u>
29	East Providence	25,530,776	<u>26,762,254</u>
30	Foster	1,351,283	<u>1,416,463</u>
31	Glocester	3,065,960	<u>3,213,847</u>
32	Hopkinton	5,954,153	<u>6,241,352</u>
33	Jamestown	507,432	<u>531,908</u>
34	Johnston	10,413,088	<u>10,915,364</u>

1	Lincoln	7,062,603	<u>7,403,268</u>
2	Little Compton	351,839	<u>368,810</u>
3	Middletown	10,014,086	<u>10,497,116</u>
4	Narragansett	1,809,860	<u>1,897,159</u>
5	Newport	11,253,278	<u>11,796,080</u>
6	New Shoreham	101,451	<u>106,345</u>
7	North Kingstown	11,434,463	<u>11,986,005</u>
8	North Providence	12,623,955	<u>13,232,872</u>
9	North Smithfield	4,611,787	<u>4,834,237</u>
10	Pawtucket	63,782,029	<u>66,858,559</u>
11	Portsmouth	5,962,443	<u>6,250,042</u>
12	Providence	185,048,912	<u>193,974,756</u>
13	Richmond	5,903,843	<u>6,188,615</u>
14	Scituate	3,250,400	<u>3,407,183</u>
15	Smithfield	5,407,726	<u>5,668,568</u>
16	South Kingstown	9,948,816	<u>10,428,698</u>
17	Tiverton	5,659,091	<u>5,932,058</u>
18	Warwick	35,894,621	<u>37,626,000</u>
19	Westerly	6,528,189	<u>6,843,077</u>
20	West Warwick	19,499,965	<u>20,440,547</u>
21	Woonsocket	45,425,511	<u>47,616,613</u>
22	Bristol-Warren	19,554,956	<u>20,498,190</u>
23	Exeter-West Greenwich	7,308,493	<u>7,661,019</u>
24	Chariho	380,004	<u>398,334</u>
25	Foster-Glocester	5,466,199	<u>5,729,861</u>
26	Central Falls	41,319,965	<u>43,313,036</u>

27 This special provision shall not limit entitlements as determined by application of other
28 formula provisions in this section.

29 (e) *Children with disabilities.* (1) Based on its review of special education within the
30 context of Rhode Island school reform, the general assembly recommends addressing the needs of
31 all children and preventing disability through scientific research based, as described in the No
32 Child Left Behind Act of 2001, Title 1, Part B, Section 1208 [20 U.S.C. § 6368], reading
33 instruction and the development of Personal Literacy Programs for students in the early grades
34 performing below grade level in reading and implement a system of student accountability that

1 will enable the state to track individual students over time. Additionally, the department of
2 elementary and secondary education must provide districts with rigorous criteria and procedures
3 for identifying students with learning disabilities and speech/language impairments. Additional
4 study is required of factors that influence programming for students with low incidence
5 disabilities; those with disabilities that severely compromise life functions; and programming for
6 students with disabilities through urban special education. Alternatives for funding special
7 education require examination.

8 (2) All departments and agencies of the state shall furnish any advice and information,
9 documentary and otherwise, to the general assembly and its agents that is deemed necessary or
10 desirable by the study to facilitate the purposes of this section.

11 SECTION 3. Section 16-64-1.1 of the General Laws in Chapter 16-64 entitled
12 "Residence for Children for School Purposes" is hereby amended to read as follows:

13 **§ 16-64-1.1. Payment and reimbursement for educational costs of children placed in**
14 **foster care, group homes, or other residential facility by a Rhode Island state agency.—**

15 (a) Children placed in foster care by a Rhode Island licensed child placing agency or a
16 Rhode Island governmental agency shall be entitled to the same free appropriate public education
17 provided to all other residents of the city or town where the child is placed. The city or town shall
18 pay the cost of the education of the child during the time the child is in foster care in the city or
19 town.

20 (b) Children placed by DCYF in a group home or other residential facility that does not
21 include the delivery of educational services are to be educated by the community in which the
22 group home or other residential facility is located, and those children shall be entitled to the same
23 free appropriate public education provided to all other residents of the city or town where the
24 child is placed. For purposes of payment and reimbursement for educational costs under this
25 chapter, the term "group home or other residential facility" shall not include independent living
26 programs. Each city and town that contains one or more group homes or other residential
27 facilities that do not include delivery of educational services will receive funds as part of state aid
28 to education in accordance with the following provisions:

29 (1) On June 30 of each year the DCYF shall provide the department of elementary and
30 secondary education with a precise count of how many group home or other residential facility
31 "beds" exist in each Rhode Island city or town, counting only those "beds" in facilities that do not
32 include the delivery of educational services. The number of "beds" in each group home or other
33 residential facility shall be equal to the maximum number of children that may be placed in that
34 group home or other residential facility on any given night according to the applicable licensure

1 standards of the DCYF. This notification shall also include an estimate of the number of group
2 home beds by city or town that are projected to be licensed by DCYF between July 1 and
3 December 31 of each year.

4 (2) On June 30 of each year the DCYF shall provide the department of elementary and
5 secondary education with a precise count of the total number of students aged three (3) to twenty-
6 one (21) in DCYF care on that date who reside in group homes in the state of Rhode Island, as
7 well as an accurate accounting of the percentage of those children that are eligible for special
8 education and related services pursuant to the Individuals with Disabilities Education Act [20
9 U.S.C. § 1400 et seq.] as of that date;

10 (3) Each city or town shall receive state education aid in an amount equal to the number
11 of group home or other residential facility "beds" in that community multiplied by a per pupil
12 rate, subject to appropriation, intended to reflect the average cost per pupil based on the blend of
13 regular education and special education students in group homes as derived from figures supplied
14 on June 30 of the reference year as defined in § 16-7-16(11). Each city or town shall receive an
15 additional per pupil rate for beds certified by DCYF as licensed between July 1 and December 31
16 of each year. Any city or town may petition the commissioner of elementary and secondary
17 education for additional state education aid pursuant to this section in any year in which the total
18 number of group home or other residential facility "beds" is increased by more than five (5) in
19 any annual cycle.

20 (4) The general assembly shall annually appropriate a sum sufficient to distribute to
21 each city or town the aid required by this subsection based upon the DCYF count provided on
22 June 30 of the reference year as defined in § 16-7-16(11) and that aid shall be distributed by the
23 department of elementary and secondary education. For an appropriation to be made for payments
24 to be made for the 2001-2002 school year the DCYF shall establish a count as required in this
25 subsection upon passage of this legislation [July 5, 2001]. This count shall be determined based
26 on the group home and other residential facility "beds" in existence in each community as of
27 December 31 of the preceding year.

28 (5) For fiscal year 2007, aid received pursuant to this section shall be equal to aid
29 received in the fiscal year 2006 enacted budget. However, notwithstanding the language in
30 subsection 3 limiting requests for additional aid to the year in which facility "beds" have
31 increased by more than five (5) in that annual cycle, communities may, pursuant to subsection 3,
32 petition in the fiscal year 2007 for additional aid based upon an increase of more than five (5)
33 "beds" subsequent to the passage of the fiscal year 2006 budget enacted by the 2005 General
34 Assembly.

1 (c) Children placed by DCYF in a residential treatment program, group home, or other
2 residential facility, whether or not located in the state of Rhode Island, which includes the
3 delivery of educational services, provided by that facility (excluding facilities where students are
4 taught on grounds for periods of time by teaching staff provided by the school district in which
5 the facility is located), shall have the cost of their education paid for as provided for in subsection
6 (d) of this section and § 16-64-1.2. The city or town determined to be responsible to DYCF for a
7 per-pupil special education cost pursuant to § 16-64-1.2 shall pay its share of the cost of
8 educational services to DCYF or to the facility providing educational services.

9 (d) Children placed by DCYF in group homes, child caring facilities, community
10 residences, or other residential facilities shall have the entire cost of their education paid for by
11 DCYF if:

12 (1) The facility is operated by the state of Rhode Island or the facility has a contract
13 with DCYF to fund a pre-determined number of placements or part of the facility's program;

14 (2) The facility is state-licensed; and

15 (3) The facility operates an approved on-grounds educational program, whether or not the
16 child attends the on-grounds program.

17 SECTION 4. Chapter 16-22 of the General Laws entitled "Mathematics and English-
18 language arts" is hereby amended as follows:

19 ~~§16-22-23. Mathematics and English language arts.~~ **Mathematics,**
20 **English/Language Arts, and Science.** – (a) The board of regents for elementary and secondary
21 education shall select and/or develop a statewide curriculum (i) in Mathematics and
22 English/Language Arts for students in grades kindergarten (k) through twelve (12) by August 31,
23 2006 and (ii) in Science for students in grades kindergarten (k) through twelve (12) by August 31,
24 2008.

25 (b) The curriculum selected and/or developed by the board of regents shall:

26 (1) Be aligned with state standards and assessments utilized by the state department of
27 elementary and secondary education;

28 (2) Contain sufficient detail to guide teachers in planning lessons aligned with state
29 standards and assessments.

30 (c) By November 1, 2004⁶, the commissioner of elementary and secondary education
31 shall prepare an outline for development and implementation of the science curriculum utilizing
32 appropriate groups and then shall convene a ~~Mathematics curriculum advisory committee and an~~
33 ~~English/Language Arts~~ science curriculum advisory committee for the purpose of developing
34 recommended curriculum to the board of regents for elementary and secondary education. ~~Each~~

1 [The science advisory](#) committee shall include teachers, representatives of teacher unions,
2 administrators, curriculum directors, school committee members, and experts designated by the
3 commissioner.

4 SECTION 5. Section 16-7-29 of the General Laws in Chapter 16-7 entitled "Foundation
5 Level School Support" is hereby amended to read as follows:

6 **16-7-29. Minimum salary schedule established by community.** -- (a) Every
7 community shall establish and put into full effect by appropriate action of its school committee a
8 salary schedule recognizing years of service, experience, and training for all certified personnel
9 regularly employed in the public schools and having no more than twelve (12) annual steps.
10 [provided, however, that any salary supplement required under section 16-25.3-2 shall not be](#)
11 [considered a step for the purposes of this section.](#) The term "school year" as applied to the salary
12 schedule means the ten (10) calendar months beginning in September and ending the following
13 June.

14 (b) Nothing in this section shall prohibit a freeze or reduction of the monetary value of
15 the steps in the salary schedule through the collective bargaining process.

16 SECTION 6. Section 16-25.3-2 of the General Laws in Chapter 16-25.3 entitled "School
17 Speech and Language Pathologists" is hereby amended to read as follows:

18 **16-25.3-2. Employment of speech language pathologists.** -- (a) Each school district is
19 encouraged by the general assembly to employ one full time certified speech language pathologist
20 for every forty (40) students who receive speech language services within the age range of three
21 (3) to twenty-one (21). In cases where the number of students receiving speech language services
22 is above forty (40), the school district is encouraged to employ a speech language pathologist on a
23 part time pro-rata basis.

24 (b) When a speech and language evaluation or the provision of speech language services
25 are being considered or are part of the student's program the speech language pathologist shall be
26 a member of the multidisciplinary team.

27 (c) In the event an individual seeks emergency certification from the department of
28 elementary and secondary education in the area of speech language pathology, the individual
29 must meet the following minimum requirements before the granting of emergency certification by
30 the department of elementary and secondary education:

31 (1) Hold a bachelor's degree in communicative disorders from an accredited college or
32 university;

33 (2) Have successfully completed no less than eighteen (18) hours of graduate credit in
34 the area of speech language pathology.

1 (d) Individuals under emergency certification to conduct the business of a speech
2 language pathologist shall be under the direct supervision of a certified speech language
3 pathologist. At no time shall a certified speech language pathologist supervise more than one
4 emergency certified speech language pathologist.

5 (e) Any licensed speech language pathologist who has met the requirements and acquired
6 a Certificate of Clinical Competence from the American Speech-Language-Hearing Association,
7 and who is employed by a school district, shall be entitled to receive an annual salary supplement
8 of one thousand seven hundred fifty dollars (\$1,750), in addition to any other compensation to
9 which the employee may be entitled.

10 Any licensed speech language pathologist who has met the requirements and acquired a
11 Certificate of Clinical Competence from the American Speech-Language-Hearing Association
12 shall submit documentation the department of education, and to the local school district by
13 December 1, in order to be eligible to receive the salary supplement in the next immediate school
14 year, except for the school year 2007, in which documentation shall be submitted to the
15 department of education and the local school district by October 1 in order to be eligible to
16 receive the salary supplement in that school year. The department of education shall, within
17 thirty (30) days, notify the school district if the documentation provided by the employee is
18 inadequate to show proof of certification, thereby rendering the employee ineligible for the salary
19 supplement in the next immediate school year; provided, however, that if the employee provides
20 additional information, with fifteen (15) days of notification of ineligibility, verifying
21 certification, that employee shall be entitled to receive the salary supplement in the next
22 immediate school year.

23 (f) Local school districts shall be reimbursed by the state for costs attributable to the
24 salary supplements provided for in this act.

25 SECTION 7. Section 16-7.1-11.1 of the General Laws in Chapter 16-7.1 entitled "The
26 Rhode Island Student Investment Initiative" is hereby amended to read as follows:

27 **16-7.1-11.1. Full day kindergarten investment fund.** -- (a) Beginning in fiscal year
28 2001, the general assembly shall appropriate and distribute to each locally or regionally operated
29 district a sum equal to the number of full-time kindergarten students reported as a member of
30 each district as of the reference year as defined in section 16-7-16(11) times a per pupil amount,
31 which shall be:

32 (1) Fifteen hundred dollars (\$1,500) for those districts with a tax effort index of below
33 0.6 as calculated pursuant to section 16-7.1-6;

34 (2) One thousand dollars (\$1,000) for those districts with a tax effort index of below 1.0

1 as calculated pursuant to section 16-7.1-6; and

2 (3) Five hundred dollars (\$500) for all other districts.

3 (b) Funding under this section shall be in addition to any and all other aid received by the
4 district, including aid received under this chapter, chapter 77.1 of this title, and any minimum
5 increase of aid provided for under section 16-7.1-15.

6 (c) For fiscal year 2007, aid received pursuant to this section shall be equal to aid
7 received in the fiscal year 2006 enacted budget by the 2005 general assembly.

8 SECTION 8. Section 16-77.1-2 of the General Laws in Chapter 16-77.1 entitled
9 "Funding of Charter Public Schools" is hereby amended to read as follows:

10 **16-77.1-2. Operating costs.** -- (a) Operating costs of a charter public school shall be the
11 total of the per pupil payments for each student attending the charter public school. The per pupil
12 payment for each student shall be determined based on the per pupil cost for the district of
13 residence of each student. The state's share of the per pupil amount for each student attending the
14 charter public school shall be paid by the state directly to the charter public school and shall be
15 the percent, or share ratio, previously calculated under chapter 7 of this title; provided, that in no
16 case shall the ratio be less than thirty percent (30%), minus the five percent (5%) of per pupil cost
17 designated for indirect cost support to the student's school district as defined in subsection (b).
18 The five percent (5%) indirect cost amount shall be deducted from the district per pupil cost
19 before the state share is derived by applying the share ratio to the district per pupil cost. The local
20 share of the per pupil amount for each student attending the charter public school shall be paid to
21 the charter public school by the district of residence of the student and shall be the per pupil cost
22 for the district of residence of the student minus the state share of that per pupil cost as designated
23 in this section.

24 (b) In addition to all state aid to education paid to a local district pursuant to chapter 7.1
25 of this title, the state will pay an additional amount to the district for each student from this
26 district who is attending a charter public school. The additional amount of state aid per pupil shall
27 be five percent (5%) of the districts per pupil cost. The additional state aid shall be for the
28 purpose of assisting local school districts to undertake the indirect costs borne by a district when
29 its student attends a charter public school.

30 (c) The state department of elementary and secondary education shall annually determine
31 both the state and local share of each charter public school's operating costs by deriving the
32 respective shares associated with each student reported as a member of the charter public school
33 as of June 30 of the reference year as defined in section 16-7-16(11) (or the enrollment as of
34 October 1 of the current school year in the first year of operation of a charter school). All other

1 data used in this determination shall be based upon the reference year as defined in section 16-7-
2 16(11).

3 (d) The state shall make payments of its share of operating costs to each charter public
4 school on a quarterly basis in July, October, January, and April. The July and October payments
5 will be based upon the reported student membership of the charter public school as of June 30 of
6 the reference year as defined in section 16-7-16(11) (or the enrollment as of October 1 of the
7 current school year in the first year of operation of a charter school). Charter public schools will
8 report current student enrollment, including district of residence for school purposes of each
9 student enrolled, and each district will report current total district operating expenses and total
10 district enrollments (including district students enrolled in charter public schools) annually by
11 October 1. If the October 1 data on a charter public school's student enrollment show a ten
12 percent (10%) or greater increase or decrease in students from the June membership count, the
13 third and fourth quarter payments to the charter public school will be adjusted to reflect actual
14 student enrollment in the charter public school.

15 (e) Local district payments to charter public schools for each district's students enrolled
16 in the charter public school shall also be made quarterly as designated in subsection (d); the first
17 local district payment shall be made by August 15 instead of July. Any local school district more
18 than thirty (30) days in arrears on a quarterly payment for its student(s) enrolled in a charter
19 public school shall have the amount of the arrearage deducted from state aid to that district and
20 the withheld arrearage shall be paid by the state directly to the charter public school.

21 (f) Local school districts with student(s) enrolled in a charter public school shall continue
22 to report these students in the total census of district public school students and will receive state
23 aid for all these students pursuant to the provisions of chapter 7.1 of this title.

24 (g) All entitlements except those provided for in section 16-24-6.2 shall be ratably
25 reduced if less than one hundred percent (100%) of the expenditures is appropriated.

26 (h) For fiscal year 2007, the indirect aid paid to districts pursuant to this section shall
27 equal the amount received in the fiscal year 2006 enacted budget by the 2005 general assembly.

28 SECTION 9. Section 16-7.1-19 of the General Laws in Chapter 16-7.1 entitled "The
29 Rhode Island Student Investment Initiative" is hereby amended to read as follows:

30 **16-7.1-19. Vocational technical equity fund.** -- The general assembly recognizes the
31 need to support the academic instruction component of vocational education for students enrolled
32 in career and technical education programs. To accomplish this, the general assembly shall
33 appropriate some sum per student for each student who attends a locally operated career and
34 technical center based on the enrollments reported to the department of elementary and secondary

1 education for the reference year as defined in section 16-7-16. The sum shall be five hundred
2 dollars (\$500) per student. Funding under this section will be limited to those students enrolled in
3 programs that are part of the career and technical education system as approved by the
4 department of elementary and secondary education.

5 (b) For fiscal year 2007, aid received pursuant to this section shall be equal to aid
6 received in the fiscal year 2006 enacted by the 2005 general assembly.

7 SECTION 10. This article shall take effect upon passage.

1 conditions set by the tax administrator. In the case of the failure of a taxpayer to pay any
2 installment due under the agreement, such an agreement shall cease to be effective and the
3 balance of the amounts required to be paid thereunder shall be due immediately. Amnesty shall be
4 granted for only the taxable period specified in the application and only if all amnesty conditions
5 are satisfied by the taxpayer.

6 (c) The provisions of this section shall include a taxable period for which a bill or notice
7 of deficiency determination has been sent to the taxpayer and a taxable period in which an audit
8 has been completed but has not yet been billed.

9 (d) Amnesty shall not be granted to taxpayers who are under any criminal investigation or
10 are a party to any civil or criminal proceeding, pending in any court of the United States or the
11 state of Rhode Island, for fraud in relation to any state tax imposed by the law of the state and
12 collected by the tax administrator.

13 **44-6.3-4. Interest under tax amnesty.** -- Notwithstanding any general or specific statute
14 to the contrary, interest on any taxes paid for periods covered under the amnesty provisions of
15 this chapter shall be computed at the rate of twelve percent (12%) annually from the due date to
16 the time of payment.

17 **44-6.3-5. Appropriation.**—There is hereby appropriated, out of any money in the
18 treasury not otherwise appropriated for the 2007 fiscal year, the sum of two hundred thousand
19 dollars (\$200,000) to the division of taxation to carry out the purposes of this chapter. The state
20 controller is hereby authorized and directed to draw his or her orders upon the general treasurer
21 for the payment of the sum or so much thereof as may be required from time to time and upon
22 receipt by him of properly authenticated vouchers.

23 **44-6.3-6. Implementation.** -- Notwithstanding any provision of law to the contrary, the
24 tax administrator may do all things necessary in order to provide for the timely implementation of
25 this chapter, including but not limited to procurement of printing and other services and
26 expenditure of appropriated funds as provided for in § 44-6.3-5.

27 **44-6.3-7. Disposition of monies.** -- (a) Except as provided in subsection (b) within, all
28 monies collected pursuant to any tax imposed by the state of Rhode Island under the provisions of
29 this chapter shall be accounted for separately and paid into the general fund.

30 (b) Monies collected for the establishment of the TDI Reserve Fund (§ 28-39-7), the
31 Employment Security Fund (§ 28-42-18),the Employment Security Interest Fund (§ 28-42-75),
32 the Job Development Fund (§ 28-42-83), and the Employment Security Reemployment Fund (§
33 28-42-87) shall be deposited in said respective funds.

34 **44-6.3-8. Analysis of amnesty program by tax administrator.** -- The tax administrator

1 shall provide an analysis of the amnesty program to the chairpersons of the house finance
2 committee and senate finance committee, with copies to the members of the revenue estimating
3 conference, by November 1, 2006. The report shall include an analysis of revenues received by
4 tax source, distinguishing between the tax collected and interest collected for each source. In
5 addition, the report shall further identify the amounts that are new revenues from those already
6 included in the general revenue receivable taxes defined under generally accepted accounting
7 principles and the state's audited financial statements. The auditor general shall include a review
8 of this analysis as part of the activities involved in preparation of the combined annual financial
9 report for fiscal year 2007.

10 **44-6.3-9. Rules and Regulations.** -- The tax administrator shall promulgate such rules
11 and regulations as are necessary to implement the provisions of this chapter.

12 SECTION 2. Section 44-1-7 of the General Laws in Chapter 44-1 entitled "State Tax
13 Officials" is hereby amended to read as follows:

14 **44-1-7. Interest on delinquent payments.** – (a) Whenever the full amount of any state
15 tax or any portion or deficiency, as finally determined by the tax administrator, has not been paid
16 on the date when it is due and payable, whether the time has been extended or not, there shall be
17 added as part of the tax or portion or deficiency interest at the rate as determined in accordance
18 with subsection (b) of this section, notwithstanding any general or specific statute to the contrary.

19 (b) Each January 1 the tax administrator shall compute the rate of interest to be in effect
20 for that calendar year by adding two percent (2%) to the prime rate, which was in effect on
21 October 1 of the preceding year. In no event shall the rate of interest exceed twenty-one percent
22 (21%) per annum nor be less than ~~twelve percent (12%)~~ eighteen percent (18%) per annum. ~~The~~
23 ~~resultant sum is the interest rate referred to in subsection (a) of this section and in § 44-1-7.1~~

24 (c) "Prime rate" as used in subsection (b) of this section means the predominant prime
25 rate quoted by commercial banks to large businesses as determined by the board of governors of
26 the Federal Reserve System.

27 SECTION 3. Section 44-1-7.1 of the General Laws in Chapter 44-1 entitled "State Tax
28 Officials" is hereby amended to read as follows:

29 **44-1-7.1. Interest on overpayments.** – (a) Each January 1 the tax administrator shall
30 compute the rate of interest to be in effect for that calendar year by reference to the prime rate,
31 which was in effect on October 1 of the preceding year. The term "prime rate" shall mean the
32 predominant prime rate quoted by commercial banks to large businesses as determined by the
33 board of governors of the Federal Reserve System.

34 (b) Notwithstanding any general or specific statute to the contrary, overpayments of state

1 taxes shall bear interest at the prime rate ~~provided as defined~~ in § 44-1-7.1(a) from the date the
2 tax was paid, or from the date including any extensions of the date the tax became due, whichever
3 of the dates occurs later.

4 ~~(b)~~ (c) If any overpayment of state tax is refunded within ninety (90) days after the last
5 date prescribed (or permitted by extension of time) for filing the return of the tax, or within ninety
6 (90) days after the return is in fact filed, no interest shall be allowed under this section on the
7 overpayment.

8 ~~(e)~~ (d) For the purposes of this section, if any overpayment of state tax results from a
9 carry-back of a net operating loss, the overpayment is deemed not to have been made prior to the
10 close of the taxable year in which the net operating loss arises.

11 SECTION 4. Sections 1 and 3 shall take effect as of July 1, 2006. Section 2 shall take
12 effect as of October 1, 2006.

13

1 **ARTICLE 22 SUBSTITUTE A**

2 RELATING TO FUEL USE REPORTING LAW

3 SECTION 1. Sections 31-36.1-1, 31-36.1-2, 31-36.1-3, 31-36.1-4, 31-36.1-5, 31-36.1-6,
4 31-36.1-7, 31-36.1-8, 31-36.1-9, 31-36.1-10, 31-36.1-11, 31-36.1-12, 31-36.1-13, 31-36.1-14, 31-
5 36.1-15, 31-36.1-16, 31-36.1-17, 31-36.1-18 and 31-36.1-19 of the General Laws in Chapter 31-
6 36.1 entitled "FUEL USE REPORTING LAW" are hereby amended to read as follows:

7 **31-36.1-1. Statement of purpose.** -- The purpose of this chapter is to assure the payment
8 of tax on fuel consumed by motor carriers in propelling qualified motor vehicles on the public
9 highways in Rhode Island.

10 **31-36.1-2. Definitions.** -- Terms used in this chapter shall be construed to have the
11 meanings provided for in section 31-36-1 and as follows:

12 (1) "Administrator" means the tax administrator.

13 (2) "Bond" means:

14 (i) A bond duly executed by a motor carrier as principal with a corporate surety qualified
15 under the provisions of the laws of this state, which bond shall be payable to this state,
16 conditioned upon the basic performance of all requirements of this chapter, including the payment
17 of all taxes, penalties and other obligations of the motor carrier arising out of this tax; or

18 (ii) A deposit with the state treasury by the motor carrier under any terms and conditions
19 that the administrator may prescribe, in like amount of lawful money of the United States or
20 bonds, or other obligations of the United States, this state, or any county of this state, of an actual
21 market value not less than the amount so fixed by the administrator.

22 (3) "Jurisdiction" means a state of the United States of America, the District of Columbia,
23 a province or territory of Canada, or a state of the United Mexican States.

24 (4) "Motor carrier" means every person, association of persons, firm, or corporation, or
25 any other legal entity, wherever resident or located, who operates or causes to be operated
26 ~~covered~~ qualified motor vehicles on the public highways of this state.

27 ~~(3) (i)~~ (5) "Covered Qualified motor vehicles" means a motor vehicle ~~that is~~ used,
28 designed or maintained for transportation of persons or property and ~~that~~:

29 (A) ~~Has~~ Having two axles and a gross vehicle weight or registered gross vehicle weight
30 exceeding twenty-six thousand pounds (26,000 lbs.) or 11,797 kilograms; or

1 (B) ~~Has~~ Having three (3) or more axles regardless of weight; or

2 (C) Is used in combination ~~and the combined gross vehicle weight or registered gross~~
3 ~~vehicle weight,~~ when the weight of such combination exceeds twenty-six thousand pounds
4 (26,000 lbs.) or 11,797 kilograms gross vehicle or registered gross vehicle weight. Qualified
5 motor vehicle does not include recreational vehicles.

6 ~~(ii) "Covered motor vehicle" does not include a recreation vehicle that is used~~
7 ~~exclusively for personal pleasure, and not used in connection with any trade or business, by an~~
8 ~~individual.~~

9 (6) "Recreational vehicle" means vehicles such as motor homes, pickup trucks with
10 attached campers, and buses when used exclusively for personal pleasure by an individual. In
11 order to qualify as a recreational vehicle, the vehicle shall not be used in connection with any
12 business endeavor.

13 ~~(5)~~ (7) "Use" means the consumption by a motor carrier of fuels in the propulsion of
14 ~~covered~~ qualified motor vehicles over the highways of this state unless the fuel consumed is
15 specifically excluded by law from the tax.

16 **31-36.1-3. Motor carrier license and identification -- Temporary licenses.** -- (a) Each
17 carrier operating a qualified motor vehicle in two (2) or more jurisdictions shall apply to the
18 administrator for a motor carrier fuel use license upon forms approved by the administrator and
19 shall upon application, pay a license fee of ten dollars (\$10.00). The license shall remain in effect
20 until surrendered or revoked under the provisions of section 31-36.1-4. The tax administrator
21 shall, in addition, provide identification devices in the quantity requested to each licensed motor
22 carrier. One such device must be displayed on the ~~left side~~ exterior portion of each side of the cab
23 of each ~~covered~~ qualified motor vehicle. The fee for ~~each~~ such identification device shall be ten
24 dollars (\$10.00) per qualified motor vehicle. Identification devices shall be issued each year by
25 the administrator and shall be displayed on or before ~~April~~ March 1 ~~provided, that this~~
26 ~~requirement shall only be enforced ninety (90) days following the availability of the identification~~
27 ~~devices in the office of the administrator.~~

28 (b) The administrator may refuse to issue a license if the application for it:

29 (1) Is filed by a motor carrier whose license at any time theretofore has been revoked by
30 the administrator.

31 (2) Contains any misrepresentation, misstatement, or omission of material information
32 required by the application.

33 (3) Is filed by some other motor carrier as a subterfuge of the real motor carrier in
34 interest whose license or registration previously has been revoked for cause by the administrator.

1 (4) Is filed by any motor carrier who is delinquent in the payment of any fee, tax,
2 penalty, or other amount due the administrator for its account.

3 The finding may be made by the administrator after granting the applicant a hearing of
4 which the applicant shall be given ten (10) days notice in writing, and in which the applicant shall
5 have the right to appear in person or by counsel and present testimony.

6 (c) Temporary license. - Upon application to the administrator and payment of a fee of
7 ten dollars (\$10.00), an unlicensed motor carrier may obtain a temporary license which will
8 authorize one ~~covered~~ qualified motor vehicle to be operated on the highways of this state, for a
9 period not to exceed ten (10) days, without compliance with the fees imposed ~~at in~~ in this section,
10 the tax imposed ~~at in~~ in section 31-36.1-5, and the bond required ~~at in~~ in section 31-36.1-6.

11 (d) The administrator may adopt rules and regulations specifying the conditions under
12 which temporary licenses will be issued and providing for their issuance.

13 **31-36.1-4. Motor carrier license and identification revocation.** -- The administrator
14 may revoke the license and identification devices of a motor carrier which refuses or neglects to
15 comply with any provision of this chapter or any regulation pursuant to this chapter. Before
16 revoking the license and identification devices, the administrator shall send notice by registered
17 or certified mail to the licensee at his or her address of record ordering the licensee to appear in
18 the office of the administrator on a date not less than ten (10) days after mailing the notice, and
19 show cause why the licensee's license and identification devices should not be revoked.

20 **31-36.1-5. Imposition of tax.** -- There is levied and imposed upon motor carriers a tax at
21 the rate specified in section 31-36-7, ~~including the additional excise tax provision in it~~, on the use
22 of fuel for the propulsion of ~~covered~~ qualified motor vehicles on the public highways within this
23 state. The tax, with respect to fuel purchased instate, shall be paid at the time of purchase as
24 provided in chapter 36 of this title. The tax, with respect to fuel purchased outside this state shall
25 be paid when the quarterly ~~reports~~ returns required in section 31-36.1-11 are filed with the
26 administrator.

27 **31-36.1-6. Bond requirement.** -- ~~(a) The license required by section 31-36.1-3 shall not~~
28 ~~be issued until the applicant has filed with the administrator a surety bond on which the applicant~~
29 ~~shall be the principal obligor and the state be the obligee. The bond shall be in the sum of~~
30 ~~approximately two (2) times the highest quarterly fuel tax estimated by the administrator, but not~~
31 ~~exceeding ten thousand dollars (\$10,000). The bond shall be conditioned upon the motor carrier~~
32 ~~faithfully complying with the provisions of this chapter, and the prompt filing of true reports and~~
33 ~~payments by the motor carrier of all fuel taxes and fees due under this chapter, together with all~~
34 ~~penalties and interest on it. The administrator may accept cash or other obligations as defined in~~

1 ~~section 31-36.1-2(2) in lieu of security.~~

2 ~~-(b) If the liability upon a bond filed by a motor carrier with the administrator becomes~~
3 ~~discharged or reduced, whether by judgment rendered, payment made, or otherwise, the~~
4 ~~administrator may require the motor carrier to file a new bond, with satisfactory sureties, in the~~
5 ~~same amount, and upon failure to do so, the administrator shall immediately revoke the license of~~
6 ~~that motor carrier.~~

7 ~~-(c) If a motor carrier fails or refuses to furnish additional bond as required by the~~
8 ~~administrator within thirty (30) days after written notice mailed to this address of record in the~~
9 ~~office of the administrator, its license shall immediately be revoked.~~

10 (d) Notwithstanding provisions to the contrary, the tax administrator, pursuant to rules
11 and regulations adopted by the tax administrator, in his or her discretion, may ~~waive the bond~~
12 ~~requirements set forth in this section.~~ require a motor carrier to post a bond. Such bond shall be
13 consistent with the provisions of the International Fuel Tax Agreement.

14 **31-36.1-7. Discharge of surety.** -- Any surety on a bond furnished by a motor carrier
15 shall be discharged from any liability to the state accruing on the bond after expiration of sixty
16 (60) days from the date which the surety shall have filed with the administrator a written request
17 to be released and discharged, but not from liability already accrued before the expiration of the
18 sixty (60) day period. The administrator, upon receipt of the request, shall promptly notify the
19 motor carrier who furnished the bond in question. Unless the motor carrier, prior to the expiration
20 of the sixty (60) day period, files a new bond satisfactory to the administrator, the administrator
21 shall immediately revoke the motor carrier's license and identification devices.

22 **31-36.1-8. Records.** -- (a) Each motor carrier shall make available in this state and retain
23 for a period of not less than ~~three (3)~~ four (4) years, any records that may be prescribed and in the
24 manner required by the administrator or the International Fuel Tax Agreement, as are reasonably
25 necessary to substantiate the quarterly ~~reports~~ returns required by section 31-36.1-11. The
26 administrator or the administrator's agents may examine the books, papers, records, and
27 equipment of any motor carrier during normal business hours in order to determine whether the
28 ~~special motor~~ special motor fuel taxes due under this chapter are properly reported and paid. If the records
29 required by this section are not maintained instate, the motor carrier shall either produce the
30 records at a point instate for audit purposes, or provide transportation and reasonable substance
31 for an auditor to audit the records at that point where the records are maintained by the motor
32 carrier.

33 ~~(b) Each sale of fuel shall be recorded upon a pre-printed serial numbered invoice. A~~
34 ~~sales invoice shall contain the following information:~~

- 1 ~~(1) The name and address of the seller;~~
2 ~~(2) The name of the purchasing motor carrier;~~
3 ~~(3) The date of the sale or delivery; and~~
4 ~~(4) The number of gallons of fuel purchased, the price per gallon, the amount of fuel tax~~
5 ~~collected, and the total amount of the sale.~~
6 ~~(c) The sale invoice shall, upon payment by the purchaser, constitute a receipt for the~~
7 ~~amount of special fuels tax collected by the seller. A copy of the invoice shall be retained by the~~
8 ~~purchaser for not less than three (3) years. It shall be the responsibility of the seller to supply~~
9 ~~proper receipts in accordance with this section.~~

10 **31-36.1-9. Enforcement powers of the administrator.** -- (a) The administrator may, in
11 the enforcement of this chapter, hold hearings and take testimony, and for those purposes may
12 issue subpoenas and compel attendance of witnesses, and may conduct investigations which the
13 administrator deems necessary.

14 (b) The tax administrator is authorized to avail him or herself of the services of the state
15 police, the department of administration, and the public utilities commission in enforcing the
16 provisions of this chapter.

17 ~~**31-36.1-10. Calculation of amount of fuel used in state.** -- The amount of fuel used in~~
18 ~~the operations of any motor carrier on highways within this state, shall be the proportion of the~~
19 ~~total amount of the fuel used in its entire operations within and without this state, as the total~~
20 ~~number of miles traveled on highways within this state bears to the total number of miles traveled~~
21 ~~within and without this state.~~

22 **31-36.1-11. Report requirements. – Return requirements.** -- (a) Every motor carrier
23 subject to the tax imposed by this chapter shall on or before the last day of April, July, October,
24 and January of every year make to the administrator any ~~reports~~ returns of its operations during
25 the quarter ending the last day of the preceding month that the administrator may require and any
26 other reports from time to time that the administrator may deem necessary.

27 ~~(b) The administrator by regulation may exempt from the quarterly reporting~~
28 ~~requirements of this section those motor carriers operating solely within Rhode Island, and~~
29 ~~require in that instance an annual affidavit, if in its discretion the enforcement of this chapter~~
30 ~~would not be adversely affected by the regulation.~~

31 ~~(c) The administrator is authorized to exempt from the quarterly reporting requirements~~
32 ~~of this section, and require in those instances an annual affidavit of motor carriers licensed in this~~
33 ~~state who perform substantially all of their travel in this state provided the administrator is~~
34 ~~assured that a sufficient amount of fuel is purchased in this state which is commensurate with the~~

1 ~~motor carrier's operations on highways within this state.~~

2 ~~-(d) The administrator is authorized to exempt from the quarterly reporting requirements~~
3 ~~of this section those motor carriers whose total tax in a quarter is less than fifty dollars (\$50.00).~~

4 **31-36.1-12. Inspection of books and records by administrator -- Agreements with**
5 **other jurisdictions for cooperative audits.** -- (a) The tax administrator and the administrator's

6 authorized agents and representatives may, at any reasonable time, inspect the books and records
7 of any motor carrier subject to the tax imposed by this chapter. The administrator may enter into
8 agreements with the appropriate authorities of other jurisdictions having statutes similar to this
9 chapter for the cooperative audit of motor carrier reports and returns.

10 (b) In performing the audit or part of it, the officers and employees of the other
11 jurisdiction or jurisdictions shall be deemed authorized agents of this state for that purpose, and
12 the audits or parts of it shall have the same effect as similar audits or parts of them made by the
13 ~~department~~ division of taxation.

14 **31-36.1-13. Computation of tax by administrator.** -- (a) If the administrator is not
15 satisfied with any report or return of a motor carrier subject to the tax imposed by this chapter, or
16 with the amount of the tax to be paid by the motor carrier, the administrator may compute and
17 assess the amount of the tax on the basis of facts contained in the report and return or on the basis
18 of any other information available to the administrator. One or more deficiency assessments may
19 be made with respect to any return for the tax imposed by this chapter.

20 (b) The amount of the deficiency assessment, exclusive of penalties, shall bear interest at
21 the annual rate provided by section 44-1-7, as amended, from the last day of the month
22 succeeding the quarterly period for which the amount of any portion of it should have been
23 returned until the date of payment.

24 (c) If any part of the deficiency for which a deficiency assessment is made is due to
25 negligence or intentional disregard of the provisions of this chapter, a penalty of ten percent
26 (10%) of the amount of the deficiency assessment shall be added to it. If any part of the
27 deficiency for which a deficiency assessment is made is due to fraud or intent to evade the
28 provisions of this chapter, a penalty of ~~twenty five percent (25%)~~ fifty percent (50%) of the
29 amount of the deficiency assessment shall be added to it.

30 (d) The administrator shall give written notice to any motor carrier of the deficiency
31 assessment. If the notice is served by mail, it shall be addressed to the motor carrier at the address
32 appearing in the records of the ~~department~~ division of taxation. Except in the case of fraud, intent
33 to evade the provisions of this chapter, or failure to submit a return, the notice of a deficiency
34 assessment shall be mailed within three (3) years after the last day of the month following the

1 quarterly period for which the amount is assessed or within three (3) years after the return for the
2 period is filed, whichever is later.

3 (e) If, prior to the expiration of the time prescribed in subsection (d) of this section for
4 the mailing of the notice of a deficiency assessment, the taxpayer has consented in writing to the
5 mailing of notice after that time, the notice may be mailed at any time prior to the expiration of
6 the period agreed upon for the mailing. The period agreed upon may be extended by subsequent
7 agreements in writing made before the expiration of the period.

8 **31-36.1-14. Average consumption.** -- In the absence of adequate records or other
9 evidence satisfactory to the administrator, showing the number of miles operated by a motor
10 carrier's ~~covered~~ qualified motor vehicles per gallon of motor fuel, the motor vehicle shall be
11 deemed to have consumed one gallon of motor fuel for each ~~five (5)~~ four (4) miles operated, as
12 prescribed by the International Fuel Tax Agreement.

13 **31-36.1-15. Credit on tax -- Refund.** -- (a) Every motor carrier shall be entitled to a
14 credit on the tax equivalent to the rate per gallon of the tax in effect under chapter 36 of this title,
15 ~~including the additional excise tax provision in it,~~ on all motor fuel purchased by the carrier
16 within this state for use in its operations without this state and upon which motor fuel the tax
17 imposed by the laws of this state has been paid by the carrier. Evidence of the payment of the tax
18 in any form that may be required by, or is satisfactory to, the state tax administrator, shall, be
19 furnished by the carrier claiming the credit allowed in this chapter.

20 (b) When the amount of the credit provided in this chapter, to which any motor carrier is
21 entitled for any quarter exceeds the amount of the tax for which the carrier is liable for the same
22 quarter, the excess may, under the regulations of the tax administrator and the International Fuel
23 Tax Agreement be allowed as a credit on the tax for which the carrier would be otherwise liable
24 for any of the ~~four (4)~~ eight (8) succeeding quarters.

25 (c) ~~Whenever any motor carrier has incurred liability to another state in any quarter for a~~
26 ~~tax, similar in effect to the tax provided in this chapter, on the use or consumption in the state,~~
27 ~~during the quarter, of motor fuel purchased in Rhode Island, the carrier may file, within one year~~
28 ~~from the due date for the quarter, an application verified and presented, in accordance with~~
29 ~~regulations promulgated by the tax administrator and supported by any evidence that may be~~
30 ~~satisfactory to the tax administrator, for a refund of the excess to the extent of the payment to the~~
31 ~~other state, but in no case to exceed the rate per gallon of the Rhode Island motor fuel tax which~~
32 ~~is currently in effect.~~ The license shall receive, on request, a cash refund of any accumulated
33 credits. All requests for refunds of credit balances must be filed in writing.

34 **31-36.1-16. Reciprocity.** -- ~~(a) The provisions of this chapter shall not apply to covered~~

1 ~~motor vehicles bearing the registration plates of any other state which does not impose a tax,~~
2 ~~license, or fee, upon covered motor vehicles bearing valid registration plates of this state. The~~
3 ~~administrator is authorized to make reciprocal agreements with the proper officials of any other~~
4 ~~state imposing any such tax, license, or fee, providing for the reduction or relief from the tax~~
5 ~~imposed by this chapter upon covered motor vehicles bearing valid registration plates of the other~~
6 ~~state, in exchange for the reduction or relief from the tax, license, or fee imposed by the other~~
7 ~~state upon covered motor vehicles bearing valid registration plates of this state.~~

8 (b) The tax administrator may enter the International Fuel Tax Agreement or other
9 cooperative compacts or agreements with other states or jurisdictions to permit base state or base
10 jurisdiction licensing of persons using motor fuel in this state. Those agreements may provide for
11 the cooperation and assistance among member states in the administration and collection of motor
12 fuel tax, including, but not limited to, exchanges of information, auditing and assessing of
13 interstate carriers and suppliers, and any other activities necessary to further uniformity.

14 **31-36.1-17. Penalties.** -- (a) Any motor carrier failing to secure or display upon demand
15 the license or identification device required in section 31-36.1-3, or under the International Fuel
16 Tax Agreement shall be guilty of a civil violation and subject to a fine not exceeding: (1) seventy-
17 five dollars (\$75) for the first offense and (2) not exceeding one hundred dollars (\$100) for
18 subsequent offenses. Any motor carrier willfully violating any other provisions of this chapter
19 shall be deemed guilty of a civil violation and subject to a fine not exceeding one hundred dollars
20 (\$100) for the first offense and not exceeding five hundred dollars (\$500) for subsequent
21 offenses.

22 (b) Filing of a false statement to obtain credit or refund. Any person who willfully and
23 knowingly makes a false statement orally, in writing, or in the form of a receipt for the sale of
24 motor fuel, for the purpose of obtaining, attempting to obtain, or to assist any other person,
25 partnership, or corporation to obtain or attempt to obtain a credit or refund or reduction of
26 liability for taxes under this chapter, shall be fined not less than five thousand dollars (\$5,000) nor
27 more than ten thousand dollars (\$10,000), or be imprisoned not more than one year, or both.

28 (c) Failure to file ~~report~~ return or pay tax. - When any motor carrier fails to file a ~~report~~
29 return within the time prescribed by this chapter for the filing of it or fails to pay the amount of
30 taxes due when they are payable, a penalty of ten percent (10%) or ~~ten dollars (\$10.00)~~ fifty
31 dollars (\$50.00), whichever is greater, shall be added to the amount of the tax due, and the
32 penalty shall immediately accrue, and the tax shall bear interest at the annual rate provided by
33 section 44-1-7, as amended, until the tax is paid. The tax administrator may waive all or part of
34 the penalties provided in this chapter when it is proved to the tax administrator's satisfaction that

1 the failure to file the ~~report~~ return or pay the taxes on time was due to reasonable cause.

2 **31-36.1-18. Disposition of proceeds.** -- All money collected under the provisions of this
3 chapter shall be ~~used in accordance with the provisions of section 31-36-20.~~ deposited as general
4 revenues.

5 **31-36.1-19. Out-of-state vehicles.** -- When under the laws of any other jurisdiction, any
6 tax, license, fee, or other obligation in addition to any imposed by Rhode Island, are imposed on
7 motor vehicles registered in Rhode Island, the same tax, license, fee, or other obligation may be
8 imposed on vehicles from those states by Rhode Island.

9 SECTION 2. This article shall take effect on June 30, 2006.

10

1 vehicles that the licensee or registrant is delinquent in paying ~~court~~ costs owed, ~~as defined in §~~
2 ~~44-30.1-1(b)~~. The state court administrator shall send a copy of the notification to the licensee or
3 registrant.

4 (d) The administrator/division of motor vehicles shall not renew any operator's license or
5 registration upon expiration thereof until all ~~state court~~ costs owed, ~~as defined in § 44-30.1-1(b)~~,
6 have been paid in full or the licensee or registrant has entered into a time payment agreement
7 satisfactory to the state court administrator.

8 (e) If the licensee thereafter files an overdue return and/or remits past taxes due or enters
9 into a satisfactory time payment agreement with respect to any and all returns due and
10 taxes payable, the tax administrator shall, within five (5) business days of a licensee's request,
11 provide the appropriate agency or authority the certificate of good standing specified in § 5-76-5.
12 Within five (5) business days of receiving such a certificate, the agency or authority shall
13 reinstate, reissue, renew or otherwise extend the licensee's license.

14 SECTION 2. This article shall take effect upon passage.

1 (e) "Household income" means all income received by all persons of a household in a
2 calendar year while members of the household.

3 (f) "Income" means the sum of federal adjusted gross income as defined in the internal
4 revenue code of the United States, 26 U.S.C. section 1 et seq., and all nontaxable income
5 including, but not limited to, the amount of capital gains excluded from adjusted gross income,
6 alimony, support money, nontaxable strike benefits, cash public assistance and relief (not
7 including relief granted under this chapter), the gross amount of any pension or annuity
8 (including Railroad Retirement Act (see 45 U.S.C. section 231 et seq.) benefits, all payments
9 received under the federal Social Security Act, 42 U.S.C. section 301 et seq., state unemployment
10 insurance laws, and veterans' disability pensions (see 38 U.S.C. section 301 et seq.), nontaxable
11 interest received from the federal government or any of its instrumentalities, workers'
12 compensation, and the gross amount of "loss of time" insurance. It does not include gifts from
13 nongovernmental sources, or surplus foods or other relief in kind supplied by a public or private
14 agency.

15 (g) "Qualified school" means a nonpublic elementary or secondary school that is located
16 in this state and that satisfies the requirements prescribed by law for nonpublic schools in this
17 state.

18 (h) "School-age student" means a child at the earliest admission age to a qualified
19 school's kindergarten program or, when no kindergarten program is provided, the school's earliest
20 admission age for beginners, until the end of the school year, the student attains twenty-one (21)
21 years of age or graduation from high school whichever occurs first.

22 (i) Designation. A donation to a scholarship organization, for which the donor receives a
23 tax credit under this provision, may not be designated to any specific school or student by the
24 donor.

25 (j) Nontaxable income. A scholarship received by an eligible student shall not be
26 considered to be taxable income.

27 **§ 44-62-3. Application for the tax credit program.** – (a) Prior to the contribution, a
28 business entity shall apply in writing to the division of taxation. The application shall contain
29 such information and certification as the tax administrator deems necessary for the proper
30 administration of this chapter. A business entity shall be approved if it meets the criteria of this
31 chapter; the dollar amount of the applied for tax credit is no greater than one hundred thousand
32 dollars (\$100,000) in any tax year, and the scholarship organization which is to receive the
33 contribution has qualified under section 44-62-2.

34 (b) Approvals for contributions under this section shall be made available by the division

1 of taxation on a first-come-first-serve basis. The total aggregate amount of all tax credits
2 approved shall not exceed one million dollars (\$1,000,000) in a fiscal year.

3 (c) The division of taxation shall notify the business entity in writing within thirty (30)
4 days of the receipt of application of the division's approval or rejection of the application.

5 (d) Unless the contribution is part of a two-year plan, the actual cash contribution by the
6 business entity to a qualified scholarship organization must be made no later than one hundred
7 twenty (120) days following the approval of its application. If the contribution is part of a two-
8 year plan, the first year's contribution follows the general rule and the second year's contribution
9 must be made in the subsequent calendar year by the same date .

10 (e) The contributions must be those charitable contributions made in cash as set forth in
11 the Internal Revenue Code.

12 **§ 44-62-4. Calculation of tax credit and issuance of tax credit certificate.** -- (a) When
13 the contribution has been made as set forth in section 3 above, the business entity shall apply to
14 the division of taxation for a tax credit certificate. The application will include such information,
15 documentation, and certification as the tax administrator deems proper for the administration of
16 this chapter including, but not limited to a certification by an independent Rhode Island certified
17 public accountant that the cash contribution has actually been made to the qualified scholarship
18 organization. For purposes of the proper administration of this section, an independent Rhode
19 Island certified public accountant shall be licensed in accordance with RIGL 5-3.1 and means a
20 person, partnership, corporation, limited liability corporation that is not affiliated with or an
21 employee of said business entity or its affiliates and is not affiliated in any manner whatsoever
22 with a qualified scholarship organization or scholarship program as defined in § 42-62-2 (a)
23 through(j).

24 (b) The division of taxation will review the documentation submitted; calculate the tax
25 credit pertaining to the contribution, and prepare and mail a certificate for amount of credit to be
26 granted.

27 (c) Unless a two year contribution plan is in place, the credit, is computed at seventy-five
28 percent (75%) of the total voluntary cash contribution made by the business entity.

29 (d) The credit is available against taxes otherwise due under provisions of chapters 11,
30 13, 14, 15 or 17 of this title.

31 (e) (1) A two year contribution plan is based on the written commitment of the business
32 entity to provide the scholarship organization with the same amount of contribution for two (2)
33 consecutive tax years. The business entity must provide in writing a commitment to this extended
34 contribution to the scholarship organization and the division of taxation at the time of application.

1 (2) In the event that a two year contribution plan is in place, the calculation of credit for
2 each year shall be ninety percent (90%) of the total voluntary contribution made by a business
3 entity

4 (3) In the event that, in the second year of the plan, a business entity's contribution falls
5 below the contribution amount made in the first year but the second year's contribution is eighty
6 percent (80%) or greater than the first year's contribution, the business entity shall receive a credit
7 for both the first and second year contributions equal to ninety percent (90%) of each year's
8 contribution.

9 (4) If the amount of the second year contribution is less than eighty percent (80%) of the
10 first year contribution, then the credit for both the first and second year contributions shall be
11 equal to seventy-five percent (75%) of each year's contribution. In such case, the tax
12 administrator shall prepare the tax credit certificate for the second year at seventy-five percent
13 (75%). The difference in credit allowable for the first year [90% - 75% = 15% x first year
14 contribution] shall be recaptured by adding it to the taxpayer's tax in that year.

15 **§ 44-62-6. Limitations.** -- (a) The credit shall not exceed one hundred thousand dollars
16 (\$100,000) annually per business entity.

17 (b) The tax credit must be used in the tax year the contribution was made. Any amounts
18 of unused tax credit may not be carried forward. The tax credit is not refundable, assignable or
19 transferable. The tax credit may not reduce the tax below the state minimum tax.

20 (c) The credit allowed under this chapter is only allowed against the tax of that
21 corporation included in a consolidated return that qualifies for the credit and not against the tax of
22 other corporations that may join in the filing of a consolidated tax return.

23 **§ 44-62-7. Definitions.** – The following words and phrases used in this chapter shall have
24 the meanings given to them in this section unless the context clearly indicates otherwise:

25 (1) "Business entity" means an entity authorized to do business in this state and subject to
26 taxes imposed under chapters 44-11, 44-13, 44-14, 44-15 and 44-17 of the general laws.

27 (2) "Division of taxation" means the Rhode Island division of taxation.

28 **§ 44-62-8. Miscellaneous – Lists.** – By June 30 of each year, the division of taxation
29 shall annually publish in print and on the division of taxation's website a list of all qualified
30 scholarship organizations under 44-62-4. The list will indicate which scholarship organizations
31 received contributions from business entities for which tax credits were authorized under this
32 chapter. In addition, each scholarship organization shall submit to the division of taxation by
33 December 31st of each year the following information, which shall be a public record: the number
34 of scholarships distributed by the organization, per school, and the dollar range of those

- 1 [scholarships; a breakdown by zip code of the place of residence for each student receiving a](#)
- 2 [scholarship under this program; and a description of all criteria used by the organization in](#)
- 3 [determining to whom scholarships under this program shall be awarded.](#)
- 4 SECTION 2. This article shall take effect as of January 1, 2007.

1 **ARTICLE 25 SUBSTITUTE A AS AMENDED**

2 RELATING TO MEDICAL ASSISTANCE -- MANAGED CARE

3 SECTION 1. Sections 40-8.4-4 and 40-8.4-12 of the General Laws in Chapter 40-8.4
4 entitled "Health Care for Families" are hereby amended to read as follows:

5 **§ 40-8.4-4. Eligibility.** – *(a) Medical assistance for families.* There is hereby established
6 a category of medical assistance eligibility pursuant to § 1931 of title XIX of the Social Security
7 Act [42 U.S.C. § 1396u-1] for families whose income and resources are no greater than the
8 standards in effect in the aid to families with dependent children program on July 16, 1996 or
9 such increased standards as the department may determine. The department of human services is
10 directed to amend the medical assistance title XIX state plan and to submit to the U.S.
11 Department of Health and Human Services an amendment to the RIte Care waiver project to
12 provide for medical assistance coverage to families under this chapter in the same amount, scope
13 and duration as coverage provided to comparable groups under the waiver. The department is
14 further authorized and directed to submit such amendments and/or requests for waivers to the title
15 XXI state plan as may be necessary to maximize federal contribution for provision of medical
16 assistance coverage under this chapter. However, implementation of expanded coverage under
17 this chapter shall not be delayed pending federal review of any title XXI amendment or waiver.

18 *(b) Income.* The director of the department of human services is authorized and directed
19 to amend the medical assistance title XIX state plan or RIte Care waiver to provide medical
20 assistance coverage through expanded income disregards or other methodology for **families**
21 parents or relative caretakers whose income levels are below one hundred eighty-five percent
22 (185%) of the federal poverty level.

23 *(c) Resources.* ~~Resources shall be disregarded in determining eligibility under this~~
24 ~~chapter.~~ Except as provided herein, no family or child shall be eligible for medical assistance
25 coverage provided under this section if the combined value of the child's or the family's liquid
26 resources exceed ten thousand dollars (\$10,000); provided however, that this subsection shall not
27 apply to:

28 (1) children with disabilities who are otherwise eligible for medical assistance coverage
29 as categorically needy under Section 134(a) of the Tax Equity and Fiscal Responsibility Act of
30 1982 [federal P.L. 97-248], commonly known as Katie Beckett eligible, upon meeting the

1 requirements established in Section 1902 (e)(3) of the federal Social Security Act; and
2 (2) pregnant women.

3 Liquid Resources are defined as any interest(s) in property in the form of cash or other
4 financial instruments or accounts which are readily convertible to cash or cash equivalents. These
5 include, but are not limited to: cash, bank, credit union or other financial institution savings,
6 checking and money market accounts, certificates of deposit or other time deposits, stocks, bonds,
7 mutual funds, and other similar financial instruments or accounts. These do not include
8 educational savings accounts, plans, or programs; retirement accounts, plans, or programs; or
9 accounts held jointly with another adult, not including a spouse, living outside the same
10 household but only to the extent the applicant/recipient family documents the funds are from
11 sources owned by the other adult living outside the household, plus the proportionate share of any
12 interest, dividend or capital gains thereon. The department is authorized to promulgate rules and
13 regulations to determine the ownership and source of the funds in the joint account.

14 (d) *Waiver.* The department of human services is authorized and directed to apply for and
15 obtain appropriate waivers from the Secretary of the U.S. Department of Health and Human
16 Services, including, but not limited to, a waiver of the appropriate provisions of title XIX, to
17 require that individuals with incomes equal to or greater than one hundred fifty percent (150%) of
18 the federal poverty level pay a share of the costs of their medical assistance coverage provided
19 through enrollment in either the RItE Care Program or under the premium assistance program
20 under § 40-8.4-12, in a manner and at an amount consistent with comparable cost-sharing
21 provisions under § 40-8.4-12, provided that such cost sharing shall not exceed five percent (5%)
22 of annual income; and provided, further, that cost-sharing shall not be required for pregnant
23 women or children under age one.

24 **§ 40-8.4-12. RItE Share Health Insurance Premium Assistance Program.** – (a) *Basic*
25 *RItE Share Health Insurance Premium Assistance Program.*

26 (1) The department of human services is authorized and directed to amend the medical
27 assistance Title XIX state plan to implement the provisions of § 1906 of Title XIX of the Social
28 Security Act [42 U.S.C. § 1396e] and establish the Rhode Island health insurance premium
29 assistance program for RItE Care eligible parents with incomes up to one hundred eighty-five
30 percent (185%) of the federal poverty level who have access to employer-based health insurance.
31 The state plan amendment shall require eligible individuals with access to employer-based health
32 insurance to enroll themselves and/or their family in the employer-based health insurance plan as
33 a condition of participation in the RItE Share program under this chapter and as a condition of
34 retaining eligibility for medical assistance under chapters 5.1 and 8.4 of this title and/or chapter

1 12.3 of title 42 and/or premium assistance under this chapter, provided that doing so meets the
2 criteria established in § 1906 of Title XIX for obtaining federal matching funds and the
3 department has determined that the individual's and/or the family's enrollment in the employer-
4 based health insurance plan is cost-effective and the department has determined that the
5 employer-based health insurance plan meets the criteria set forth in subsection (d). The
6 department shall provide premium assistance by paying all or a portion of the employee's cost for
7 covering the eligible individual or his or her family under the employer-based health insurance
8 plan, subject to the cost sharing provisions in subsection (b), and provided that the premium
9 assistance is cost-effective in accordance with Title XIX [42 U.S.C. § 1396 et seq.].

10 (2) *Resources.* Except as provided herein, no family, individual, or child shall be eligible
11 for medical assistance coverage provided under this section if the combined value of the child's
12 or family's liquid resources exceeds ten thousand dollars (\$10,000); provided however, that this
13 subsection shall not apply to:

14 (i) children with disabilities who are otherwise eligible for medical assistance coverage as
15 categorically needy under Section 134(a) of the Tax Equity and Fiscal Responsibility Act of 1982
16 [federal P.L. 97-248], commonly known as Katie Beckett eligible, upon meeting the requirements
17 established in Section 1902 (e)(3) of the federal Social Security Act, and

18 (ii) pregnant women.

19 (b) *Individuals who can afford it shall share in the cost.* The department of human
20 services is authorized and directed to apply for and obtain any necessary waivers from the
21 secretary of the United States department of health and human services, including, but not limited
22 to a waiver of the appropriate sections of Title XIX [42 U.S.C. § 1396 et seq.], to require that
23 individuals eligible for RItE Care under this chapter or chapter 12.3 of title 42 with incomes equal
24 to or greater than one hundred fifty percent (150%) of the federal poverty level pay a share of the
25 costs of health insurance based on the individual's ability to pay, provided that the cost sharing
26 shall not exceed five percent (5%) of the individual's annual income. The department of human
27 services shall implement the cost-sharing by regulation, and shall consider co-payments, premium
28 shares or other reasonable means to do so.

29 (c) *Current RItE Care enrollees with access to employer-based health insurance.* The
30 department of human services shall require any individual who receives RItE Care or whose
31 family receives RItE Care on the effective date of the applicable regulations adopted in
32 accordance with subsection (f) to enroll in an employer-based health insurance plan at the
33 individual's eligibility redetermination date or at an earlier date determined by the department,
34 provided that doing so meets the criteria established in the applicable sections of Title XIX [42

1 U.S.C. § 1396 et seq.] for obtaining federal matching funds and the department has determined
2 that the individual's and/or the family's enrollment in the employer-based health insurance plan is
3 cost-effective and has determined that the health insurance plan meets the criteria in subsection
4 (d). The insurer shall accept the enrollment of the individual and/or the family in the employer-
5 based health insurance plan without regard to any enrollment season restrictions.

6 (d) *Approval of health insurance plans for premium assistance.* The department of human
7 services shall adopt regulations providing for the approval of employer-based health insurance
8 plans for premium assistance and shall approve employer-based health insurance plans based on
9 these regulations. In order for an employer-based health insurance plan to gain approval, the
10 department must determine that the benefits offered by the employer-based health insurance plan
11 are substantially similar in amount, scope, and duration to the benefits provided to RIte Care
12 eligible persons by the RIte Care program, when the plan is evaluated in conjunction with
13 available supplemental benefits provided by the department. The department shall obtain and
14 make available to persons otherwise eligible for RIte Care as supplemental benefits those benefits
15 not reasonably available under employer-based health insurance plans which are required for RIte
16 Care eligible persons by state law or federal law or regulation.

17 (e) *Maximization of federal contribution.* The department of human services is authorized
18 and directed to apply for and obtain federal approvals and waivers necessary to maximize the
19 federal contribution for provision of medical assistance coverage under this section.

20 (f) *Implementation by regulation.* The department of human services is authorized and
21 directed to adopt regulations to ensure the establishment and implementation of the premium
22 assistance program in accordance with the intent and purpose of this section, the requirements of
23 Title XIX and any approved federal waivers.

24 SECTION 2. Section 42-12.3-4 of the General Laws in Chapter 42-12.3 entitled "Health
25 Care for Children and Pregnant Women" is hereby amended to read as follows:

26 **§ 42-12.3-4. "RIte track" program.** - (a) There is hereby established a payor of last
27 resort program for comprehensive health care for children until they reach nineteen (19) years of
28 age, to be known as "RIte track". The department of human services is hereby authorized to
29 amend its title XIX state plan pursuant to title XIX [42 U.S.C. § 1396 et seq.] of the Social
30 Security Act to provide for expanded Medicaid coverage through expanded family income
31 disregards for children, until they reach nineteen (19) years of age, whose family income levels
32 are up to two hundred fifty percent (250%) of the federal poverty level; provided, however, that
33 health care coverage under this section shall also be provided without regard to the availability of
34 federal financial participation to a noncitizen child lawfully residing in the United States and to a

1 noncitizen child residing in Rhode Island, provided that the child satisfies all other eligibility
2 requirements. The department is further authorized to promulgate any regulations necessary, and
3 in accord with title XIX [42 U.S.C. § 1396 et seq.] of the Social Security Act to implement the
4 state plan amendment. For those children who lack health insurance, and whose family incomes
5 are in excess of two hundred fifty percent (250%) of the federal poverty level, the department of
6 human services shall promulgate necessary regulations to implement the program. The
7 department of human services is further directed to ascertain and promulgate the scope of services
8 that will be available to those children whose family income exceeds the maximum family
9 income specified in the approved title XIX [42 U.S.C. section 1396 et seq.] state plan
10 amendment.

11 (b) Resources. Except as provided herein, no child shall be eligible for medical assistance
12 coverage provided under this section if the combined value of the child's or the family's liquid
13 resources exceeds ten thousand dollars (\$10,000); provided however, that this subsection shall not
14 apply to children with disabilities who are otherwise eligible for medical assistance coverage as
15 categorically needy under Section 134(a) of the Tax Equity and Fiscal Responsibility Act of 1982
16 [federal P.L. 97-248], commonly known as Katie Beckett eligible, upon meeting the requirements
17 established in Section 1902 (e)(3) of the federal Social Security Act.

18 SECTION 3. This article shall take effect on July 1, 2006.

19

ARTICLE 26 SUBSTITUTE A

RELATING TO HEALTH CARE QUALITY PROGRAM

SECTION 1. Section 23-17.17-7 of the General Laws in Chapter 23-17.17 entitled "Health Care Quality Program" is hereby repealed.

~~§ 23-17.17-7. Rhode Island hospital efficiency, leverage and profitability (RI HELP) program. (a) There is established in the department of health a program to provide state assistance to those Rhode Island hospitals that have the greatest need for assistance relative to all hospitals.~~

~~(b) Establishment of indices. Three (3) indices shall be established to determine eligibility of the program. Using 2004 data as reported in "The Health of RI's Hospitals (2004)" (Report), each hospital shall be ranked by each index and any hospital that meets the requirements on at least two (2) of the three (3) indices shall be eligible to receive assistance. The General Assembly may from time to time change the year from which data is used to determine eligibility for the RI HELP program. The three (3) indices are established as follows:~~

~~(1) Efficiency. This shall be computed by determining the Total Asset Turnover and Fixed Asset Turnover of each hospital. Any hospital with a total rating above zero (0) as displayed in the Report, Chart 9, shall meet the requirements for this index.~~

~~(2) Leverage. This shall be computed by determining the Debt to capitalization ratio and the Debt Service Coverage ratio for each hospital. Any hospital with a total rating less than zero (0) as displayed in the Report, Chart 8, shall meet the requirements for this index.~~

~~(3) Profitability. This shall be computed by determining the average Profit Margin for each hospital for the previous three (3) fiscal years (2002, 2003, 2004). Any hospital with a three (3) year average rating below negative three percent (-3.0%) as calculated from the data in the Report, Table 1, shall meet the requirements for this index.~~

~~(c) Distribution of funds. Funds shall be distributed to each eligible hospital on the basis of the ratio of each eligible hospital's inpatient discharges in 2004 to the sum of all eligible hospitals' inpatient discharges in 2004.~~

~~(d) Appropriation of funds. Funds for this program are subject to appropriation by the General Assembly, and may be ratably reduced at any time the General Assembly determines that insufficient funding is available to pay the full amount due to all hospitals that are determined to~~

1 ~~be eligible for assistance under this program. The budget appropriation for FY 2006 is set at three~~
2 ~~million three hundred thousand dollars (\$3,300,000).~~

3 ~~(e) Payments. Payments shall be made to eligible hospitals on or before December 31 of~~
4 ~~each year that funds are appropriated for this program by the General Assembly.~~

5 SECTION 2. This article shall take effect as of July 1, 2006.

1 entitled "Mosquito Abatement;" and by any other general or public law relating to the department
2 of agriculture and conservation or to any of its divisions or bureaus;

3 (c) To exercise all the functions, powers, and duties heretofore vested in the division of
4 parks and recreation of the department of public works by chapters 1, 2, and 5 in title 32 entitled
5 "Parks and Recreational Areas;" by chapter 22.5 of title 23, as amended, entitled "Drowning
6 Prevention and Lifesaving;" and by any other general or public law relating to the division of
7 parks and recreation;

8 (d) To exercise all the functions, powers, and duties heretofore vested in the division of
9 harbors and rivers of the department of public works, or in the department itself by such as were
10 previously applicable to the division or the department, of chapters 1 through 22 and sections
11 thereof, as amended, in title 46 entitled "Waters and Navigation"; and by any other general or
12 public law relating to the division of harbors and rivers;

13 (e) To exercise all the functions, powers and duties heretofore vested in the department of
14 health by chapters 25, 18.9, and 19.5 of title 23, as amended, entitled "Health and Safety;" and by
15 chapters 12 and 16 of title 46, as amended, entitled "Waters and Navigation"; by chapters 3, 4, 5,
16 6, 7, 9, 11, 13, 18, and 19 of title 4, as amended, entitled "Animals and Animal Husbandry;" and
17 those functions, powers, and duties specifically vested in the director of environmental
18 management by the provisions of § 21-2-22, as amended, entitled "Inspection of Animals and
19 Milk;" together with other powers and duties of the director of the department of health as are
20 incidental to or necessary for the performance of the functions transferred by this section;

21 (f) To cooperate with the Rhode Island Economic Development Corporation in its
22 planning and promotional functions, particularly in regard to those resources relating to
23 agriculture, fisheries, and recreation;

24 (g) To cooperate with, advise, and guide conservation commissions of cities and towns
25 created under chapter 35 of title 45 entitled "Conservation Commissions", as enacted by chapter
26 203 of the Public Laws, 1960;

27 (h) To assign or reassign, with the approval of the governor, any functions, duties, or
28 powers established by this chapter to any agency within the department, except as hereinafter
29 limited;

30 (i) To cooperate with the water resources board and to provide to the board facilities,
31 administrative support, staff services, and such other services as the board shall reasonably
32 require for its operation and, in cooperation with the board and the statewide planning program to
33 formulate and maintain a long range guide plan and implementing program for development of
34 major water sources transmissions systems needed to furnish water to regional and local

1 distribution systems;

2 (j) To cooperate with the solid waste management corporation and to provide to the
3 corporation such facilities, administrative support, staff services and such other services within
4 the department as the corporation shall reasonably require for its operation;

5 (k) To provide for the maintenance of waterways and boating facilities, consistent with
6 chapter 6.1 of title 46, by: (1) establishing minimum standards for upland beneficial use and
7 disposal of dredged material; (2) promulgating and enforcing rules for water quality, ground
8 water protection, and fish and wildlife protection pursuant to § 42-17.1-24; (3) planning for the
9 upland beneficial use and/or disposal of dredged material in areas not under the jurisdiction of the
10 council pursuant to § 46-23-6(2); and (4) cooperating with the coastal resources management
11 council in the development and implementation of comprehensive programs for dredging as
12 provided for in §§ 46-23-6(1)(ii)(H) and 46-23-18.3; and (5) monitoring dredge material
13 management and disposal sites in accordance with the protocols established pursuant to § 46-6.1-
14 5(3) and the comprehensive program provided for in § 46-23-6(1)(ii)(H); no powers or duties
15 granted herein shall be construed to abrogate the powers or duties granted to the coastal resources
16 management council under chapter 23 of title 46, as amended;

17 (l) To establish minimum standards, subject to the approval of the environmental
18 standards board, relating to the location, design, construction and maintenance of all sewage
19 disposal systems;

20 (m) To enforce, by such means as provided by law, the standards for the quality of air,
21 and water, and the design, construction and operation of all sewage disposal systems; any order or
22 notice issued by the director relating to the location, design, construction or maintenance of a
23 sewage disposal system shall be eligible for recordation under chapter 13 of title 34. The director
24 shall forward the order or notice to the city or town wherein the subject property is located and
25 the order or notice shall be recorded in the general index by the appropriate municipal official in
26 the land evidence records in the city or town wherein the subject property is located. Any
27 subsequent transferee of that property shall be responsible for complying with the requirements of
28 the order or notice. Upon satisfactory completion of the requirements of the order or notice, the
29 director shall provide written notice of the same, which notice shall be similarly eligible for
30 recordation. The original written notice shall be forwarded to the city or town wherein the subject
31 property is located and the notice of satisfactory completion shall be recorded in the general index
32 by the appropriate municipal official in the land evidence records in the city or town wherein the
33 subject property is located. A copy of the written notice shall be forwarded to the owner of the
34 subject property within five (5) days of a request for it, and, in any event, shall be forwarded to

1 the owner of the subject property within thirty (30) days after correction;

2 (n) To establish minimum standards for the establishment and maintenance of salutory
3 environmental conditions;

4 (o) To establish and enforce minimum standards for permissible types of septage,
5 industrial waste disposal sites and waste oil disposal sites;

6 (p) To establish minimum standards subject to the approval of the environmental
7 standards board for permissible types of refuse disposal facilities, the design, construction,
8 operation, and maintenance of disposal facilities; and the location of various types of facilities;

9 (q) To exercise all functions, powers, and duties necessary for the administration of
10 chapter 19.1 of title 23 entitled "Rhode Island Hazardous Waste Management Act";

11 (r) To designate in writing any person in any department of the state government or any
12 official of a district, county, city, town, or other governmental unit, with that official's consent, to
13 enforce any rule, regulation, or order promulgated and adopted by the director under any
14 provision of law, provided, however, that enforcement of powers of the coastal resources
15 management council shall be assigned only to employees of the department of environmental
16 management, except by mutual agreement or as otherwise provided in chapter 23 of title 46.

17 (s) To issue and enforce such rules, regulations, and orders as may be necessary to carry
18 out the duties assigned to the director and the department by any provision of law; and to conduct
19 such investigations and hearings and to issue, suspend, and revoke such licenses as may be
20 necessary to enforce those rules, regulations, and orders;

21 (1) Notwithstanding the provisions of § 42-35-9 to the contrary, no informal disposition
22 of a contested licensing matter shall occur where resolution substantially deviates from the
23 original application unless all interested parties shall be notified of said proposed resolution and
24 provided with opportunity to comment upon said resolution pursuant to applicable law and any
25 rules and regulations established by the director.

26 (t) To enter, examine or survey at any reasonable time such places as the director deems
27 necessary to carry out his or her responsibilities under any provision of law subject to the
28 following provisions:

29 (1) For criminal investigations, the director shall, pursuant to chapter 5 of title 12, seek a
30 search warrant from an official of a court authorized to issue warrants, unless a search without a
31 warrant is otherwise allowed or provided by law;

32 (2) All administrative inspections shall be conducted pursuant to administrative
33 guidelines promulgated by the department in accordance with chapter 35 of title 42.

34 (B) A warrant shall not be required for administrative inspections if conducted under the

1 following circumstances, in accordance with the applicable constitutional standards:

2 (i) For closely regulated industries;

3 (ii) In situations involving open fields or conditions that are in plain view;

4 (iii) In emergency situations;

5 (iv) In situations presenting an imminent threat to the environment or public health,
6 safety or welfare;

7 (v) If the owner, operator, or agent in charge of the facility, property, site or location
8 consents; or

9 (vi) In other situations in which a warrant is not constitutionally required.

10 (C) Whenever it shall be constitutionally or otherwise required by law, or whenever the
11 director in his or her discretion deems it advisable, an administrative search warrant, or its
12 functional equivalent, may be obtained by the director from a neutral magistrate for the purpose
13 of conducting an administrative inspection. The warrant shall be issued in accordance with the
14 applicable constitutional standards for the issuance of administrative search warrants. The
15 administrative standard of probable cause, not the criminal standard of probable cause, shall
16 apply to applications for administrative search warrants.

17 (i) The need for, or reliance upon, an administrative warrant shall not be construed as
18 requiring the department to forfeit the element of surprise in its inspection efforts.

19 (ii) An administrative warrant issued pursuant to this subsection must be executed and
20 returned within ten (10) days of its issuance date unless, upon a showing of need for additional
21 time, the court orders otherwise.

22 (iii) An administrative warrant may authorize the review and copying of documents that
23 are relevant to the purpose of the inspection. If documents must be seized for the purpose of
24 copying, and the warrant authorizes such seizure, the person executing the warrant shall prepare
25 an inventory of the documents taken. The time, place and manner regarding the making of the
26 inventory shall be set forth in the terms of the warrant itself, as dictated by the court. A copy of
27 the inventory shall be delivered to the person from whose possession or facility the documents
28 were taken. The seized documents shall be copied as soon as feasible under circumstances
29 preserving their authenticity, then returned to the person from whose possession or facility the
30 documents were taken.

31 (iv) An administrative warrant may authorize the taking of samples of air, water or soil or
32 of materials generated, stored or treated at the facility, property, site or location. Upon request,
33 the department shall make split samples available to the person whose facility, property, site or
34 location is being inspected.

1 (v) Service of an administrative warrant may be required only to the extent provided for
2 in the terms of the warrant itself, by the issuing court.

3 (D) Penalties. Any willful and unjustified refusal of right of entry and inspection to
4 department personnel pursuant to an administrative warrant shall constitute a contempt of court
5 and shall subject the refusing party to sanctions, which in the courts discretion may result in up to
6 six (6) months imprisonment and/or a monetary fine of up to ten thousand dollars (\$10,000) per
7 refusal.

8 (u) To give notice of an alleged violation of law to the person responsible therefor
9 whenever the director determines that there are reasonable grounds to believe that there is a
10 violation of any provision of law within his or her jurisdiction or of any rule or regulation adopted
11 pursuant to authority granted to him or her, unless other notice and hearing procedure is
12 specifically provided by that law. Nothing in this chapter shall limit the authority of the attorney
13 general to prosecute offenders as required by law.

14 (1) The notice shall provide for a time within which the alleged violation shall be
15 remedied, and shall inform the person to whom it is directed that a written request for a hearing
16 on the alleged violation may be filed with the director within ten (10) days after service of the
17 notice. The notice will be deemed properly served upon a person if a copy thereof is served him
18 or her personally, or sent by registered or certified mail to his or her last known address, or if he
19 or she is served with notice by any other method of service now or hereafter authorized in a civil
20 action under the laws of this state. If no written request for a hearing is made to the director
21 within ten (10) days of the service of notice, the notice shall automatically become a compliance
22 order.

23 (2) Whenever the director determines that there exists a violation of any law, rule, or
24 regulation within his or her jurisdiction which requires immediate action to protect the
25 environment, he or she may, without prior notice of violation or hearing, issue an immediate
26 compliance order stating the existence of the violation and the action he or she deems necessary.
27 The compliance order shall become effective immediately upon service or within such time as is
28 specified by the director in such order. No request for a hearing on an immediate compliance
29 order may be made.

30 (B) Any immediate compliance order issued under this section without notice and prior
31 hearing shall be effective for no longer than forty-five (45) days, provided, however, that for good
32 cause shown the order may be extended one additional period not exceeding forty-five (45) days.

33 (3) If a person upon whom a notice of violation has been served under the provisions of
34 this section or if a person aggrieved by any such notice of violation requests a hearing before the

1 director within ten (10) days of the service of notice of violation, the director shall set a time and
2 place for the hearing, and shall give the person requesting that hearing at least five (5) days
3 written notice thereof. After the hearing, the director may make findings of fact and shall sustain,
4 modify, or withdraw the notice of violation. If the director sustains or modifies the notice, that
5 decision shall be deemed a compliance order and shall be served upon the person responsible in
6 any manner provided for the service of the notice in this section.

7 (4) The compliance order shall state a time within which the violation shall be remedied,
8 and the original time specified in the notice of violation shall be extended to the time set in the
9 order.

10 (5) Whenever a compliance order has become effective, whether automatically where no
11 hearing has been requested, where an immediate compliance order has been issued, or upon
12 decision following a hearing, the director may institute injunction proceedings in the superior
13 court of the state for enforcement of the compliance order and for appropriate temporary relief,
14 and in that proceeding the correctness of a compliance order shall be presumed and the person
15 attacking the order shall bear the burden of proving error in the compliance order, except that the
16 director shall bear the burden of proving in the proceeding the correctness of an immediate
17 compliance order. The remedy provided for in this section shall be cumulative and not exclusive
18 and shall be in addition to remedies relating to the removal or abatement of nuisances or any
19 other remedies provided by law.

20 (6) Any party aggrieved by a final judgment of the superior court may, within thirty (30)
21 days from the date of entry of such judgment, petition the supreme court for a writ of certiorari to
22 review any questions of law. The petition shall set forth the errors claimed. Upon the filing of the
23 petition with the clerk of the supreme court, the supreme court may, if it sees fit, issue its writ of
24 certiorari;

25 (v) To impose administrative penalties in accordance with the provisions of chapter 17.6
26 of this title and to direct that such penalties be paid into the account established by subsection (z)
27 of this section; and

28 (w) The following definitions shall apply in the interpretation of the provisions of this
29 chapter:

30 (1) Director: The term director shall mean the director of environmental management of
31 the state of Rhode Island or his or her duly authorized agent.

32 (2) Person: The term person shall include any individual, group of individuals, firm,
33 corporation, association, partnership or private or public entity, including a district, county, city,
34 town, or other governmental unit or agent thereof, and in the case of a corporation, any individual

1 having active and general supervision of the properties of such corporation.

2 (3) Service: (a) Service upon a corporation under this section shall be deemed to include
3 service upon both the corporation and upon the person having active and general supervision of
4 the properties of such corporation.

5 (b) For purposes of calculating the time within which a claim for a hearing is made
6 pursuant to subdivision (u)(1) of this section heretofore, service shall be deemed to be the date of
7 receipt of such notice or three (3) days from the date of mailing of said notice, whichever shall
8 first occur.

9 (x)(1) To conduct surveys of the present private and public camping and other
10 recreational areas available and to determine the need for and location of such other camping and
11 recreational areas as may be deemed necessary and in the public interest of the state of Rhode
12 Island and to report back its findings on an annual basis to the general assembly on or before
13 March 1 of every year;

14 (2) Additionally, the director of the department of environmental management shall take
15 such additional steps, including but not limited to, matters related to funding as may be necessary
16 to establish such other additional recreational facilities and areas as are deemed to be in the public
17 interest.

18 (y)(1) To apply for and accept grants and bequests of funds with the approval of the
19 director of administration from other states, interstate agencies and independent authorities, and
20 private firms, individuals and foundations, for the purpose of carrying out his or her lawful
21 responsibilities. The funds shall be deposited with the general treasurer in a restricted receipt
22 account created in the Natural Resources Program for funds made available for that program's
23 purposes or in a restricted receipt account created in the Environmental Protection Program for
24 funds made available for that program's purposes. All expenditures from the accounts shall be
25 subject to appropriation by the general assembly, and shall be expended in accordance with the
26 provisions of the grant or bequest. In the event that a donation or bequest is unspecified or in the
27 event that the trust account balance shows a surplus after the project as provided for in the grant
28 or bequest has been completed, the director may utilize said appropriated unspecified or
29 appropriated surplus funds for enhanced management of the department's forest and outdoor
30 public recreation areas, or other projects or programs that promote the accessibility of recreational
31 opportunities for Rhode Island residents and visitors.

32 (2) The director shall submit to the House Fiscal Advisor and the Senate Fiscal Advisor,
33 by October 1 of each year, a detailed report on the amount of funds received and the uses made of
34 such funds.

1 (z) To establish fee schedules by regulation with the approval of the governor for the
2 processing of applications and the performing of related activities in connection with the
3 department's responsibilities pursuant to subdivision (1) of this section, chapter 19.1 of title 23 as
4 it relates to inspections performed by the department to determine compliance with chapter 19.1
5 and rules and regulations promulgated in accordance therewith, chapter 18.9 of title 23 as it
6 relates to inspections performed by the department to determine compliance with chapter 18.9
7 and the rules and regulations promulgated in accordance therewith, chapters 19.5 and 23 of title
8 23; chapter 12 of title 46 insofar as it relates to water quality certifications and related reviews
9 performed pursuant to provisions of the federal Clean Water Act, the regulation and
10 administration of underground storage tanks and all other programs administered under chapter
11 12 of title 46 and § 2-1-18 et seq., and chapter 13.1 of title 46 and chapter 13.2 of title 46 insofar
12 as they relate to any reviews and related activities performed under the provisions of the
13 Groundwater Protection Act, chapter 23-24.9 as it relates to the regulation and administration of
14 mercury-added products, and chapter 17.7 of this title insofar as it relates to administrative
15 appeals of all enforcement, permitting and licensing matters to the administrative adjudication
16 division for environmental matters. Two fee ranges shall be required: for "Appeal of enforcement
17 actions", a range of fifty dollars (\$50) to one hundred dollars (\$100), and for "Appeal of
18 application decisions", a range of five hundred dollars (\$500) to ten thousand dollars (\$10,000).
19 The monies from the administrative adjudication fees will be deposited as general revenues and
20 the amounts appropriated shall be used for the costs associated with operating the administrative
21 adjudication division.

22 There is hereby established an account within the general fund to be called the water and
23 air protection program. The account shall consist of sums appropriated for water and air pollution
24 control and waste monitoring programs and the state controller is hereby authorized and directed
25 to draw his or her orders upon the general treasurer for the payment of such sums or such portions
26 thereof as may be required from time to time upon receipt by him or her of properly authenticated
27 vouchers. All amounts collected under the authority of this subdivision for the sewage disposal
28 system program and fresh waters wetlands program will be deposited as general revenues and the
29 amounts appropriated shall be used for the purposes of administering and operating the programs.
30 The director shall submit to the house fiscal advisor and the senate fiscal advisor by January 15 of
31 each year a detailed report on the amount of funds obtained from fines and fees and the uses made
32 of such funds.

33 (aa) To establish and maintain a list or inventory of areas within the state worthy of
34 special designation as "scenic" to include but not be limited to certain state roads or highways,

1 scenic vistas and scenic areas, and to make the list available to the public.

2 (bb) To establish and maintain an inventory of all interests in land held by public and
3 private land trust and to exercise all powers vested herein to insure the preservation of all
4 identified lands.

5 (1) The director may promulgate and enforce rules and regulations to provide for the
6 orderly and consistent protection, management, continuity of ownership and purpose, and
7 centralized records-keeping for lands, water, and open spaces owned in fee or controlled in full or
8 in part through other interests, rights, or devices such as conservation easements or restrictions,
9 by private and public land trusts in Rhode Island. The director may charge a reasonable fee for
10 filing of each document submitted by a land trust.

11 (2) The term "public land trust" means any public instrumentality created by a Rhode
12 Island municipality for the purposes stated herein and financed by means of public funds
13 collected and appropriated by the municipality. The term "private land trust" means any group of
14 five (5) or more private citizens of Rhode Island who shall incorporate under the laws of Rhode
15 Island as a nonbusiness corporation for the purposes stated herein, or a national organization such
16 as the nature conservancy. The main purpose of either a public or a private land trust shall be the
17 protection, acquisition, or control of land, water, wildlife, wildlife habitat, plants, and/or other
18 natural features, areas, or open space for the purpose of managing or maintaining, or causing to
19 be managed or maintained by others, the land, water, and other natural amenities in any
20 undeveloped and relatively natural state in perpetuity. A private land trust must be granted
21 exemption from federal income tax under Internal Revenue Code 501c(3) [26 U.S.C. § 501(c)(3)]
22 within two (2) years of its incorporation in Rhode Island or it may not continue to function as a
23 land trust in Rhode Island. A private land trust may not be incorporated for the exclusive purpose
24 of acquiring or accepting property or rights in property from a single individual, family,
25 corporation, business, partnership, or other entity. Membership in any private land trust must be
26 open to any individual subscribing to the purposes of the land trust and agreeing to abide by its
27 rules and regulations including payment of reasonable dues.

28 (3)(A) Private land trusts will, in their articles of association or their by-laws, as
29 appropriate, provide for the transfer to an organization created for the same or similar purposes
30 the assets, lands and land rights and interests held by the land trust in the event of termination or
31 dissolution of the land trust.

32 (B) All land trusts, public and private, will record in the public records of the appropriate
33 towns and cities in Rhode Island all deeds, conservation easements or restrictions or other
34 interests and rights acquired in land and will also file copies of all such documents and current

1 copies of the ir articles of association, their by-laws, and annual reports with the secretary of state,
2 and with the director of the Rhode Island department of environmental management. The director
3 is hereby directed to establish and maintain permanently a system for keeping records of all
4 private and public land trust land holdings in Rhode Island.

5 (cc) The director will contact in writing, not less often than once every two (2) years,
6 each public or private land trust to ascertain: that all lands held by the land trust are recorded with
7 the director; the current status and condition of each land holding; that any funds or other assets
8 of the land trust held as endowment for specific lands have been properly audited at least once
9 within the two (2) year period; the name of the successor organization named in the public or
10 private land trust's by-laws or articles of association; and any other information the director
11 deems essential to the proper and continuous protection and management of land and interests or
12 rights in land held by the land trust.

13 In the event that the director determines that a public or private land trust holding land or
14 interest in land appears to have become inactive, he or she shall initiate proceedings to effect the
15 termination of the land trust and the transfer of its lands, assets, land rights, and land interests to
16 the successor organization named in the defaulting trust's by-laws or articles of association or to
17 another organization created for the same or similar purposes. Should such a transfer not be
18 possible, then the land trust, assets, and interest and rights in land will be held in trust by the state
19 of Rhode Island and managed by the director for the purposes stated at the time of original
20 acquisition by the trust. Any trust assets or interests other than land or rights in land accruing to
21 the state under such circumstances will be held and managed as a separate fund for the benefit of
22 the designated trust lands.

23 (dd) Consistent with federal standards, issue and enforce such rules, regulations and
24 orders as may be necessary to establish requirements for maintaining evidence of financial
25 responsibility for taking corrective action and compensating third parties for bodily injury and
26 property damage caused by sudden and non-sudden accidental releases arising from operating
27 underground storage tanks.

28 (ee) To enforce, by such means as provided by law, the standards for the quality of air,
29 and water, and the location, design, construction and operation of all underground storage
30 facilities used for storing petroleum products or hazardous materials; any order or notice issued
31 by the director relating to the location, design construction, operation or maintenance of an
32 underground storage facility used for storing petroleum products or hazardous materials shall be
33 eligible for recordation under chapter 13 of title 34. The director shall forward the order or notice
34 to the city or town wherein the subject facility is located, and the order or notice shall be recorded

1 in the general index by the appropriate municipal officer in the land evidence records in the city
2 or town wherein the subject facility is located. Any subsequent transferee of that facility shall be
3 responsible for complying with the requirements of the order or notice. Upon satisfactory
4 completion of the requirements of the order or notice, the director shall provide written notice of
5 the same, which notice shall be eligible for recordation. The original written notice shall be
6 forwarded to the city or town wherein the subject facility is located, and the notice of satisfactory
7 completion shall be recorded in the general index by the appropriate municipal official in the land
8 evidence records in the city or town wherein the subject facility is located. A copy of the written
9 notice shall be forwarded to the owner of the subject facility within five (5) days of a request for
10 it, and, in any event, shall be forwarded to the owner of the subject facility within thirty (30) days
11 after correction.

12 (ff) To manage and disburse any and all funds collected pursuant to 46-12.9-4, in
13 accordance with 46-12.9-5, and other provisions of the Rhode Island Underground Storage Tank
14 Financial Responsibility Act, as amended.

15 SECTION 2. Chapter 42-17.1 of the General Laws entitled "Department of
16 Environmental Management" is hereby amended by adding thereto the following section:

17 **§ 42-17.1-23.1. Transfer of functions and resources – Underground storage tanks. –**

18 (a) Resources of the underground storage tank financial responsibility review board including but
19 not limited to property, employees, and accounts are hereby transferred to the department of
20 environmental management.

21 (b) As part of the above transfer, all employees of the underground storage tank financial
22 responsibility review board shall be transferred to the classified service. The director of the
23 department of environmental management, following consultation with the personnel
24 administrator, shall be responsible for assigning final class specifications with salaries
25 commensurate with the duties and responsibilities assigned. The personnel administrator shall
26 take into consideration existing classifications currently within the classified service classification
27 and pay plan.

28 (c) Transferred employees who return to service with the state of Rhode Island directly
29 from uninterrupted employment with the Rhode Island Underground Storage Tank Financial
30 Review Board, henceforth referred to as "UST Board" shall have their length of service at the
31 UST Board deemed to be uninterrupted active state service for purposes of service credits in the
32 state retirement system.

33 (d) Employees who subsequently become employees of the department of environmental
34 management as a result of this transfer may utilize their term of service with the UST Board for

1 [the purposes of longevity computation as it applies to wages, vacation time and longevity](#)
2 [increases. In addition, accrued vacation time, sick leave, and all other benefits with the UST](#)
3 [Board may be transferred.](#)

4 SECTION 3. Sections 46-12.9-3, 46-12.9-4, 46-12.9-5, 46-12.9-6, 46-12.9-7, 46-12.9-8,
5 and 46-12.9-11 of the General Laws in Chapter 46-12.9 entitled "Rhode Island Underground
6 Storage Tank Financial Responsibility Act" are hereby amended to read as follows:

7 **§ 46-12.9-3. Definitions.** – When used in this chapter:

8 (1) "Department" means the Rhode Island department of environmental management.

9 (2) "Director" means the director of the department of environmental management or his
10 or her designee.

11 (3) "Eligible costs" means costs, expenses and other obligations as incurred by a
12 responsible party for site investigation, site remediation or other corrective action activities
13 ordered or directed by the department or voluntarily performed by the responsible party and not
14 specifically identified by the review board as ineligible.

15 (4) "Fund" means the Rhode Island underground storage tank financial responsibility
16 fund established herein.

17 (5) "Operator" means any person in control of, or having the responsibility for, the daily
18 operation of an underground storage tank system.

19 (6) "Owner" means any agency or political subdivision of the state, any municipality,
20 public or private corporation or authority, individual, trust, firm, joint stock company,
21 partnership, association or other entity, and any officer, employee or agent thereof.

22 (7) "Petroleum" means crude oil, crude oil fractions, and refined petroleum fractions,
23 including gasoline, kerosene, heating oils, used/waste oil and diesel fuels.

24 (8) "Release" means any leaking, emitting, discharging, escaping or leaching of
25 petroleum from any underground storage tank or underground storage tank system into the
26 environment.

27 (9) "Responsible party" means the person or persons liable for release of petroleum or the
28 remediation of a release.

29 (10) "Review board" means the Rhode Island underground storage tank financial
30 responsibility review board established pursuant to the provisions of § 46-12.9-8.

31 (11)(i) "Site" means any location at which or from which there has been a release of
32 petroleum associated with an underground storage tank or an underground storage tanks system
33 or any location to which such petroleum has migrated.

34 (ii) For the purposes of this chapter, "government site" means any location owned or

1 occupied, or previously owned or occupied, by any city or town, the state or any agency of the
2 state of which or from which there has been a release of petroleum associated with an
3 underground storage tanker and underground storage tank system.

4 (12) "Underground storage tank" means any one or combination of tanks, including
5 underground pipes connected thereto, used to contain an accumulation of petroleum and the
6 volume of which, including the volume of underground pipes connected thereto, is ten percent
7 (10%) or more beneath the surface of the ground.

8 (13) "Underground storage tank system" means an underground storage tank and its
9 associated ancillary equipment and containment system, if any.

10 **§ 46-12.9-4. Petroleum cleanup fund.** – (a) There is hereby established the Rhode Island
11 underground storage tank financial responsibility fund.

12 (b) The fund shall consist of any funds which the state may from time to time
13 appropriate, as well as money received as gifts, grants, bequests, donations or other funds from
14 any public or private sources or annual tank registration fees as established herein which are
15 intended to serve the purposes of the Rhode Island underground tank financial responsibility fund
16 and all funds collected pursuant to § 46-12.9-11.

17 ~~(c) All funds received under the provisions of this chapter shall be paid to and received~~
18 ~~by the review board, which shall keep such monies in a distinct interest-bearing restricted receipt~~
19 ~~account to the credit of and for the exclusive use of the fund.~~

20 (c) All funds collected pursuant to this section shall be deposited in the Underground
21 Storage Tank Fees fund, and shall be disbursed according to the purposes expressed in section 46-
22 12.9-5.

23 **§ 46-12.9-5. Purpose of fund.** – The purpose of the fund shall be to facilitate the clean-
24 up of releases from leaking underground storage tanks, underground storage tank systems,
25 including those located on sites or government sites in order to protect the environment including
26 drinking water supplies and public health and to take necessary action to proactively prevent such
27 releases. The fund shall provide reimbursement to responsible parties for the eligible costs
28 incurred by them as a result of releases of certain petroleum from underground storage tanks or
29 underground storage tank systems as provided herein. Monies in the fund shall be dispensed only
30 upon the order of the review board or its designee for the following purposes.

31 ~~(1) Administrative expenses, personnel, expenses and miscellaneous costs directly related~~
32 ~~to the fund management incurred by the review board in carrying out fund activities; provided,~~
33 ~~however, that no more than five hundred and fifty thousand dollars (\$550,000) shall be dispensed~~
34 ~~from the fund for administrative purposes during fiscal year 1998. For fiscal year 1999, no more~~

1 ~~than three hundred and fifty thousand dollars (\$350,000) shall be dispensed from the fund for~~
2 ~~administrative purposes;~~

3 ~~(2)~~ (1) The fund shall pay not more than one million dollars (\$1,000,000) per incident
4 and up to two million dollars (\$2,000,000) in the aggregate for damages of eligible costs, as
5 defined in regulations promulgated hereunder and, as further defined in § 46-12.9-3 excluding
6 legal costs and expenses, incurred by a responsible party as a result of a release of petroleum from
7 an underground storage tank or underground storage tank system; provided, however, that a
8 responsible party shall be responsible for the first twenty thousand dollars (\$20,000) of said
9 eligible costs;

10 ~~(3)~~ (2) [Deleted by P.L. 2001, ch. 328, § 1.]

11 ~~(4)~~ (3) Reimbursement for any third party claim including, but not limited to, claims for
12 bodily injury, property damage and damage to natural resources which are asserted against a
13 responsible party and which have arisen as a result of a release of petroleum from an underground
14 storage tank or underground storage tank system in an amount not to exceed one million dollars
15 (\$1,000,000) for each release as set forth in subsection (2) of this section; provided, that such
16 claims are found by the review board to be justified, reasonable, related to the release of
17 petroleum and not excessive or spurious in nature; and

18 ~~(5)~~ (4) Eligible costs incurred by the department in carrying out the investigative,
19 remedial and corrective action activities at sites of a petroleum release associated with an
20 underground storage tank or underground storage tank system where the responsible party fails to
21 comply with an order of the department to take such corrective action. In the event of such
22 failure, the department may access the fund to perform the ordered work and shall proceed to
23 recover from the responsible party on behalf of the fund any amount expended from the fund by
24 the department.

25 ~~(6)~~ (5) Nothing contained in this chapter shall be construed to prevent subrogation by the
26 state of Rhode Island against any responsible party other than the owner and/or operator for all
27 sums of money which the fund shall be obligated to pay hereunder plus reasonable attorneys' fees
28 and costs of litigation and such right of subrogation is hereby created.

29 ~~(7)~~ (6) [Deleted by P.L. 2001, ch. 328, § 1.]

30 (7) Eligible costs incurred by the department to support the fund, including but not
31 limited to, all personnel support to process and review of claims in order to formulate
32 recommendations for reimbursement for consideration by the review board, and providing
33 meeting space for Board meetings provided, however, that no more than five hundred and fifty
34 thousand dollars (\$550,000) shall be dispensed from the fund for administrative purposes during

1 any fiscal year. The department shall directly access the fund, pursuant to the limits set forth in
2 46-12.9-5(1) above, to pay for such expenses.

3 (8) Grants to any third party for purposes of removal of underground storage tanks and/or
4 replacement of underground storage tanks with other fuel storage and distribution systems,
5 including aboveground storage tanks, when such removal and/or replacement will minimize the
6 potential future exposure of the fund to major expenses related to reimbursement of costs incurred
7 in response or remediation should a future release occur. Grants under this section shall be limited
8 to fifty thousand dollars (\$50,000) per site and shall be in addition to any eligible reimbursement
9 for clean up expenses at that site.

10 **§ 46-12.9-6. Eligibility.** – (a) In order to be eligible for reimbursement from the fund for
11 eligible costs a responsible party must be subject to financial responsibility as required by the
12 EPA (40 CFR part 280 subpart H) and:

13 (1) Have substantially complied with all state technical requirements for underground
14 storage tanks and underground storage tank systems as promulgated by the department of
15 environmental management pursuant to chapter 12 of this title and chapter 17.1 of title 42,
16 including but not limited to, requirements for registration, proper installation, spill containment,
17 line leak detection, corrosion protection, leak detection, tank tightness testing, inventory control,
18 closure and leak or spill reporting;

19 (2) Have incurred an eligible cost in excess of the deductible amount specified in § 46-
20 12.9-5(2) whether for clean-up or related matters or for claims of third parties as set forth in § 46-
21 12.9-3 resulting from a release of petroleum, subject to the motor and special fuels tax from an
22 underground storage tank or underground storage tank system. In order to apply for
23 reimbursement from the fund, it shall not be necessary that the third party and the responsible
24 party complete adjudication of any claim before submission to the review board; provided,
25 however, that all such claims shall be reasonably verified and must be demonstrated to the
26 reasonable satisfaction of the review board in order to be considered eligible for reimbursement.

27 (b) [Deleted by P.L. 2001, ch. 328, § 1.]

28 (c) [Deleted by P.L. 2001, ch. 328, § 1.]

29 (d) Notwithstanding the financial responsibility requirement of this section, responsible
30 parties may be eligible for reimbursement of eligible costs incurred for government sites provided
31 that:

32 (1) A city, town, the state or a state agency is the responsible party for a release at the
33 government site and was the owner of the site at the time of the release;

34 (2) A city, town, the state or a state agency is the responsible party and owner of the

1 government site at the time of application on which a release occurred prior to the city, town or
2 state agency's ownership, provided that the government entity purchased the property prior to
3 March 1, 1998; or

4 (3) A city, town, the state or a state agency was the responsible party at the time of the
5 release and the government site is owned by a successor in interest at the time of application.

6 (e) Notwithstanding the requirement that the released petroleum be subject to the motor
7 and special fuels tax, underground storage tanks containing petroleum products for which the
8 motor and special fuels tax is inapplicable including, but not limited to, underground storage
9 tanks used for the distribution of No. 2 heating oil, used/waste oil, kerosene or other materials as
10 deemed appropriate by the review board may be eligible for reimbursement with the following
11 exceptions:

12 (1) Underground storage tanks containing heating or fuel oils used solely for onsite
13 consumption shall not be eligible.

14 (2) Underground storage tanks exempted from the department's "regulations for
15 underground storage facilities used for petroleum products and hazardous materials" under
16 Section 5.03 and Section 9.01 (A-D) shall not be eligible.

17 **§ 46-12.9-7. Rules and regulations.** – The ~~review board, after consultation with the~~
18 department; is hereby authorized to promulgate, implement and amend regulations, in accordance
19 with the provisions of chapter 35 of title 42, providing for the submission of claims to the fund
20 and the timely disbursement of monies from the fund. Such regulations shall include, but not be
21 limited to, the following:

22 (1) A means of notifying all eligible parties of the existence and functioning of the fund;

23 (2) The record keeping required of eligible parties for submission to and reimbursement
24 from the fund;

25 (3) A set criteria which establishes the eligibility for reimbursement of specific costs,
26 expenses and other obligations;

27 (4) [Deleted by P.L. 2001, ch. 328, § 1.]

28 (5) A method of providing periodic reimbursement for eligible costs incurred by an
29 eligible party after July 8, 1994;

30 (6) A requirement that the review board render its decisions to an eligible party upon the
31 receipt of a complete claim for reimbursement within ninety (90) days following its receipt of
32 completed claim;

33 (7) Establishing procedures for verifying claims presented under this chapter;

34 (8) Establishing procedures for approving, modifying or denying claims;

1 ~~(9) Empowering the review board to levy and collect an annual tank registration fee not~~
2 ~~to exceed two thousand five hundred dollars (\$2,500) per site on underground storage tanks~~
3 ~~which require demonstration of financial responsibility under the department's regulations of~~
4 ~~underground storage facilities used for petroleum products and hazardous materials. These tanks~~
5 ~~which are exempted from the special motor fuels tax shall not be subject to the fee; and~~

6 (10) (9) The eligibility of claims shall be determined by the review board, provided
7 however, that no claims shall be considered for costs incurred prior to January 1, 1994 by
8 responsible parties who are owners or operators of no more than one location containing
9 underground storage tanks and July 8, 1994 by all other responsible parties.

10 (11) (10) Empowering the ~~review board~~ department to recognize and arrange for
11 performance-based and other contracts with the responsible party and contractor for the
12 remediation of a release.

13 (12) (11) Empowering the ~~review board~~ department to arrange for the establishment of
14 alternate means of financial responsibility.

15 **§ 46-12.9-8. Review board.** – (a) There is hereby authorized, created and established ~~a~~
16 ~~public corporation of the state having a distinct legal existence from the state and not constituting~~
17 ~~a department of state government to be known as~~ the "underground storage tank review board,"
18 ~~with such powers as are set forth in this chapter, to oversee administration and implementation of~~
19 ~~the fund, to review submissions and claims received from eligible parties and to proceed~~ to
20 approve, modify, or deny disbursements to eligible parties and to have such other powers as are
21 provided herein.

22 (b) The review board shall consist of ten (10) members, as follows: the director of the
23 department of environmental management or his or her designee who shall be a subordinate
24 within the department of environmental management; the director of the department of business
25 regulation or his or her designee who shall be a subordinate within the division of insurance and
26 who shall be a nonvoting member. The governor, with the advice and consent of the senate, shall
27 appoint eight (8) public members one of shall have expertise and experience in financial matters.
28 In making these appointments the governor shall give due consideration to recommendations
29 from the American Petroleum Institute, the Independent Oil Marketers Association, the Oil Heat
30 Institute, the Environment Council, the Independent Oil Dealers Association and the Rhode
31 Island Marine Trade Association. The newly appointed members will serve for a term of three (3)
32 years commencing on the day they are qualified. Any vacancy which may occur on the board
33 shall be filled by the governor with advice and consent of the senate, for the remainder of the
34 unexpired term in the same manner as the member's predecessor as prescribed in this section. The

1 members of the board shall be eligible to succeed themselves. Members shall serve until their
2 successors are appointed and qualified. No one shall be eligible for appointment unless he or she
3 is a resident of this state. The members of the board shall serve without compensation. Those
4 members of the board as of the effective date of this act [July 15, 2005] who were appointed to
5 the board by members of the general assembly shall cease to be members of the board on the
6 effective date of this act, and the governor shall thereupon nominate three (3) members, each of
7 whom shall serve the balance of the unexpired term of his or her predecessor. Those members of
8 the board as of the effective date of this act who were appointed to the board by the governor
9 shall continue to serve the balance of their current terms. Thereafter, the appointments shall be
10 made by the governor as prescribed in this section.

11 (c) When claims are pending, the review board shall meet at the call of the chair no less
12 than four (4) times per year. All meetings shall be held consistently with chapter 46 of title 42.

13 ~~(d) It is the intent of the general assembly, by the passage of this chapter, to vest in the~~
14 ~~review board all powers, authority, rights, privileges, and titles which may be necessary to enable~~
15 ~~it to accomplish the purposes herein set forth, and this chapter and the powers herein granted shall~~
16 ~~be liberally construed in conformity with those purposes.~~

17 ~~(e)~~ (d) The review board and its corporate existence shall continue until terminated by
18 law. Upon termination of the existence of the review board, all its rights and properties shall pass
19 to and be vested in the state.

20 ~~(f)~~ (e) The review board shall have the following powers and duties, together with all
21 powers incidental thereto or necessary for the performance of those stated in this chapter:

22 ~~(1) To sue and be sued, complain and defend, in its corporate name;~~

23 ~~(2) To have a seal which may be altered at pleasure and to use the seal by causing it, or a~~
24 ~~facsimile thereof, to be impressed or affixed or in any other manner reproduced;~~

25 ~~(3) To purchase, take, receive, lease, or otherwise acquire, own, hold, improve, use, and~~
26 ~~otherwise deal in and with, real or personal property, or any interest therein, wherever situated;~~

27 ~~(4) To make and execute agreements of lease and all other contracts and instruments~~
28 ~~necessary or convenient in the exercise of the powers and functions of the review board granted~~
29 ~~by this chapter;~~

30 ~~(5) To make guarantees and incur or assume liabilities as the review board may deem~~
31 ~~appropriate;~~

32 ~~(6) To invest and reinvest its funds;~~

33 ~~(7) To secure the cooperation and assistance of the United States, and any of its agencies~~
34 ~~and of agencies of this state and its municipalities in the work of the review board;~~

1 ~~(8) To accept grants, donations, drafts, loans of funds, and contributions in money,~~
2 ~~services, materials, or otherwise, from the United States or any of its agencies, from this state and~~
3 ~~its agencies, or from any other source, and to use or expend those moneys, services, materials, or~~
4 ~~other contributions in carrying out the purposes of this chapter;~~

5 ~~(9) To acquire or contract to acquire, from any person, the federal government or the~~
6 ~~state, or any agency of either the federal government or state, by grant, purchase, lease, gift, or~~
7 ~~otherwise, or to obtain options for the acquisition of any property, real or personal, improved or~~
8 ~~unimproved, and interests in land less than the fee thereof; and to own, hold, clear, improve,~~
9 ~~develop, and rehabilitate, and to sell, assign, exchange, transfer, convey, lease, mortgage, or~~
10 ~~otherwise dispose of or encumber the property for the purposes of carrying out the provisions and~~
11 ~~intent of this chapter for such consideration as the review board shall determine;~~

12 ~~(10) (1) To elect or appoint officers and agents of the review board, and to define their~~
13 ~~duties; and fix their compensation, including authority to employ attorneys, accountants, and~~
14 ~~engineering consultants, and such other employees or agents as the review board shall deem~~
15 ~~necessary in its judgment;~~

16 ~~(11) (2) To make and alter bylaws, not inconsistent with this chapter, for the~~
17 ~~administration and regulation of the affairs of the review board, ;—and the Such bylaws may~~
18 ~~contain provisions indemnifying any person who is or was a director or a member of the review~~
19 ~~board, in the manner and to the extent provided in § 76-6 of the Rhode Island nonprofit~~
20 ~~corporation act;~~

21 ~~(12) To have and exercise all powers necessary or convenient to effect its purposes;~~

22 ~~(13) To enter into agreements, contracts, and other arrangements with the state and any of~~
23 ~~its departments, agencies, board or commissions relating to the execution or performance of any~~
24 ~~function or purpose of the review board, including, but not limited to, investments, employee~~
25 ~~compensation and employee benefits, and the state and its departments, agencies, boards and~~
26 ~~commissions are hereby authorized to enter into such agreements, contracts and other~~
27 ~~arrangements with the review board, and upon the request of the review board shall enter into~~
28 ~~such agreements, contracts and other arrangements with the review board.~~

29 ~~(14) (3) To approve and submit an annual report within ninety (90) days after the end of~~
30 ~~each fiscal year to the governor, the speaker of the house of representatives, the president of the~~
31 ~~senate, and the secretary of state, of its activities during that fiscal year. The report shall provide:~~
32 ~~an operating statement summarizing meetings or hearings held, including meeting minutes,~~
33 ~~subjects addressed, and decisions rendered; a summary of the review board's actions ~~including a~~~~
34 ~~listing of regulations promulgated, implemented and amended as prescribed in § 46-12.9-7, fees~~

1 levied, collected or received as prescribed in §§ 46-12.9-7 and 46-12.9-11, claims submitted,
2 verified, approved, modified, and denied as prescribed in § 46-12.9-7, ~~contracts entered into as~~
3 ~~prescribed in § 46-12.9-7 and this section, properties acquired as prescribed in this section,~~
4 ~~liabilities incurred or assumed as prescribed in this section~~ and reconsideration hearings held as
5 prescribed in § 46-12.9-9; a synopsis of any law suits or other legal matters related to the
6 authority of the review board; ~~a consolidated financial statement of all funds received, expended,~~
7 ~~disbursed, and invested by the review board including the source of the funds, a listing of the staff~~
8 ~~and/or consultants employed by the review board;~~ and a summary of performance during the
9 previous fiscal year including accomplishments, shortcomings and remedies; a briefing on
10 anticipated activities in the upcoming fiscal year; and findings and recommendations for
11 improvements; and a summary of any training courses held pursuant to subdivision (f)(15) of this
12 section. The report shall be posted electronically as prescribed in § 42-20-8.2.

13 ~~(15)~~ (4) To conduct a training course for newly appointed and qualified members and
14 new designees of ex-officio members within six (6) months of their qualification or designation.
15 The course shall be developed by the executive director, approved by the board, and conducted
16 by the executive director. The board may approve the use of any board or staff members or other
17 individuals to assist with training. The training course shall include instruction in the following
18 areas: the provisions of chapters 46-12.9, 42-46, 36-14, and 38-2; and the boards rules and
19 regulations. The director of the department of administration shall, within ninety (90) days of the
20 effective date of this act [July 15, 2005], prepare and disseminate training materials relating to the
21 provisions of chapters 36-14, 38-2, and 42-46.

22 (g) Upon the passage of this act and the appointment and qualification of the three (3)
23 new members prescribed in subsection (b) of this section, the board shall elect from among its
24 members a chair. Thereafter, the board shall elect annually in February a chair from among the
25 members. The board may elect from among its members such other officers as it deems
26 necessary.

27 (h) Six (6) members of the board shall constitute a quorum and the vote of the majority of
28 the members present shall be necessary and shall suffice for any action taken by the board. No
29 vacancy in the membership of the board shall impair the right of a quorum to exercise all of the
30 rights and perform all of the duties of the board.

31 (i) Members of the board shall be removable by the governor pursuant to section 36-17
32 and removal solely for partisan or personal reasons unrelated to capacity or fitness for the office
33 shall be unlawful.

34 **§ 46-12.9-11. Funding.** – (a) There is hereby imposed an environmental protection

Art27

RELATING TO UNDERGROUND STORAGE TANK FINANCIAL RESPONSIBILITY
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1 regulatory fee of at the rate of one cent (\$0.01) per gallon payable of motor fuel, to be collected
2 by distributors of motor fuel when the product is sold to owners and/or operators of underground
3 storage tanks. Each distributor shall be responsible to the tax administrator for the collection of
4 the regulatory fee, and if the distributor is unable to recover the fee from the person who ordered
5 the product, the distribution shall nonetheless remit to the tax administrator the regulatory fee
6 associated with the delivery. In accordance with the regulations to be promulgated hereunder, the
7 fee shall be collected, reported, and paid to the Rhode Island division of taxation as a separate
8 line item entry, on a quarterly tax report by those persons charged with the collection, reporting,
9 and payment of motor fuels taxes. This fee shall be administered and collected by the division of
10 taxation. Notwithstanding the provisions of this section, the fee shall not be applicable to
11 purchases by the United States government.

12 ~~(b) All fees derived under the provisions of this chapter, including tank registration fees~~
13 ~~assessed pursuant to § 46-12.9-7(9), shall be paid to and received by the review board, which~~
14 ~~shall keep such money in a distinct interest bearing restricted receipt account to the credit of and~~
15 ~~for the exclusive use of the fund. All fees collected may be invested as provided by law and all~~
16 ~~interest received on such investment shall be credited to the fund.~~

17 ~~(e)~~ (b) When the fund reaches the sum of eight million dollars (\$8,000,000), the
18 imposition of the fee set forth in this chapter shall be suspended, and the division of taxation shall
19 notify all persons responsible for the collection, reporting and payments of the fee of the
20 suspension. In the event that the account balance of the fund subsequently is reduced to a sum
21 less than five million dollars (\$5,000,000) as a result of fund activity, the fee shall be reinstated
22 by the division of taxation, following proper notice thereof, and once reinstated, the collection,
23 reporting, and payment of the fee shall continue until the account balance again reaches the sum
24 of eight million dollars (\$8,000,000).

25 ~~(c)~~ (c) Upon the determination by the review board and the department that the fund has
26 reached a balance sufficient to satisfy all pending or future claims, the review board shall
27 recommend to the general assembly the discontinuation of the imposition of the fee created in this
28 section.

29 SECTION 4. Chapter 36-9 of the General Laws entitled "Retirement System-
30 Membership and Service Credits" is hereby amended by adding thereto the following section:

31 **36-9-48. Underground storage tank financial review board - Transferred employees.**

32 = (a) Definitions. For the purposes of this section:

33 (i) "UST Board" means the Rhode Island Underground Storage Tank Financial Review
34 Board, a governmental agency and a public instrumentality of the state of Rhode Island.

1 (ii) "Transfer date" means July 1, 2006.

2 (iii) "Transferred employee" means any individual who was an employee of the UST
3 Board of the state of Rhode Island on the date immediately preceding the transfer date, and who
4 became an employee of the state of Rhode Island, department of environmental management on
5 the transfer date.

6 (b) Transferred employees who return to employment with the state of Rhode Island
7 directly from uninterrupted employment with the Rhode Island Underground Storage Tank
8 Financial Responsibility Review Board shall have their length of service at the UST Board
9 deemed to be uninterrupted active state service for the purposes of service credits in the state
10 retirement system.

11 (c) The period of service of any transferred employee from December 29, 2002 to the
12 date of transfer shall be treated as service as an employee of the state of Rhode Island for the
13 purposes of Chapters 8, 9 and 10 of this title.

14 (d) The provisions of subsection (b) of this section shall not apply unless within ninety
15 (90) days following the date of enactment of this section, the UST Board transfers, or causes to
16 have transferred from a trustee or other custodian, to the retirement system, an amount equal to
17 the sum of the employees contribution accumulation and the employer contribution accumulation.
18 The amount of transfer shall be determined by the retirement board at full actuarial cost as
19 defined by Rhode Island general law 36-8.1-9 for the period of service December 29, 2002 to the
20 transfer date. This will be reduced by the transfer to the retirement board of any and all
21 contributions made to the UST Board's Simple IRA by and on behalf of the transferred
22 employees.

23 (e) Transferred employees who return to service with the state of Rhode Island directly
24 from uninterrupted employment with the Rhode Island Underground Storage Tank Financial
25 Review Board, henceforth referred to as "UST Board" shall have their length of service at the
26 UST Board deemed to be uninterrupted active state service for purposes of service credits in the
27 state retirement system.

28 SECTION 5. This article shall take effect as of July 1, 2006.

29
30

1 **ARTICLE 28 SUBSTITUTE A**

2 RELATING TO PAY DIFFERENTIAL FOR STATE EMPLOYEES ON ACTIVE DUTY

3 SECTION 1. Chapter 30-6 of the General Laws entitled “Pay and Allowances” is hereby
4 amended by adding thereto the following section:

5 **§ 30-6-5. Pay differential for state employees on active duty.** – (a) Employees of a
6 state agency who are eligible as defined within may qualify for a military pay differential,
7 hereafter also referred to as a “differential”. Such differential shall consist of the difference
8 between the base pay for state employment that the state employee would have received if not on
9 active military duty and the military pay that the employee on active military duty did receive, for
10 the same time period. The differential does not include the payment of overtime in state
11 employment.

12 (b) In order to be eligible for a military pay differential, a recipient must be a member of
13 the National Guard or a Reserve component of the United States Armed Forces who is currently
14 mobilized in support of a Presidential reserve call-up for active military duty, who at the time of
15 being called for active military duty was an employee of a state department who otherwise
16 qualifies for a military pay differential, as described above.

17 (c) The state department where the state employee worked when called to active duty
18 shall periodically pay every employee who qualifies for a military pay differential. The first such
19 payment shall be paid to eligible state employees for military pay differentials between July 1 and
20 September 30. Such stipends shall be calculated for each three (3) month period thereafter, but
21 shall terminate upon the employee’s return from active duty or after the employee has received
22 the differential for one year, whichever comes first.

23 (d) The director of the department of administration shall be responsible for developing
24 necessary rules and regulations in order to implement the provisions of this section. These rules
25 shall include a process for determining eligibility and the amount of the differential.

26 (e) To the extent that compensation for being called to active military duty is not already
27 included in existing collective bargaining agreements, eligible employees of a state agency will
28 qualify for the military pay differential, as defined above. When a collective bargaining
29 agreement provides equal or greater benefits, the terms of the collective bargaining agreement
30 shall control for as long as those benefits under the contract are applicable. Thereafter, those

1 [union employees shall be granted the difference in pay as described above.](#)

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

3

ARTICLE 29 SUBSTITUTE A

RELATING TO TAXATION – EXCISE TAX PHASE-OUT

SECTION 1. Sections 44-34.1-1 and 44-34.1-2 of the General Laws in Chapter 44-34.1 entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998" are hereby amended to read as follows:

44-34.1-1. Excise tax phase-out. -- (a) (1) Notwithstanding the provisions of chapter 34 of this title or any other provisions to the contrary, the motor vehicle and trailer excise tax established by section 44-34-1 may be phased out. The phase-out shall apply to all motor vehicles and trailers, including leased vehicles. (2) Lessors of vehicles that pay excise taxes directly to municipalities shall provide lessees, at the time of entering into the lease agreement, an estimate of annual excise taxes payable throughout the term of the lease. In the event the actual excise tax is less than the estimated excise tax, the lessor shall annually rebate to the lessee the difference between the actual excise tax and the estimated excise tax. (b) Pursuant to the provisions of this section, all motor vehicles shall be assessed a value by the vehicle value commission. That value shall be assessed according to the provisions of section 44-34-11(c)(1) and in accordance with the terms as defined in subsection (d) of this section; provided, however, that the maximum taxable value percentage applicable to model year values as of December 31, 1997, shall continue to be applicable in future year valuations aged by one year in each succeeding year. (c) (1) The motor vehicle excise tax phase-out shall commence with the excise tax bills mailed to taxpayers for the fiscal year 2000. The phase-out, beyond fiscal year 2003, shall be subject to annual review and appropriation by the general assembly. The tax assessors of the various cities and towns and fire districts shall reduce the average retail value of each vehicle assessed by using the prorated exemptions from the following table:

Local Fiscal Year	State fiscal year	Exempt from value	Local Exemption	Reimbursement
fiscal year 1999	0	\$1,500		
fiscal year 2000	\$1,500	\$2,500		
fiscal year 2001	\$2,500	\$3,500		
fiscal year 2002	\$3,500	\$4,500		
fiscal years 2003, 2004 and 2005	\$4,500	\$4,500		

1 for fiscal year 2006 ~~and each year thereafter~~ \$5,000 \$5,000

2 for fiscal year 2007 \$6,000 \$6,000

3 for fiscal year 2008 and each year thereafter the exemption and the state fiscal year
4 reimbursement shall be increased, at a minimum, to the maximum amount to the nearest two
5 hundred and fifty dollar (\$250) increment within the allocation of one and twenty-two hundredths
6 percent (1.22%) of net terminal income derived from video lottery games pursuant to the
7 provisions of section 42-61-15, and in no event shall the exemption in any fiscal year be less than
8 the prior fiscal year.

9 ~~No city or town shall, in preparation of its annual budget, plan or otherwise rely on the~~
10 ~~continuation of said phase out beyond fiscal year 2003, unless it is specifically approved by the~~
11 ~~general assembly.~~

12 (2) The excise tax phase-out shall provide levels of assessed value reductions until the tax
13 is eliminated or reduced as provided in this chapter.

14 (3) Current exemptions shall remain in effect as provided in this chapter.

15 (4) The excise tax rates and ratios of assessment shall not be greater than fiscal year 1998
16 levels for each city, town, and fire district; provided, in the town of Johnston the excise tax rate
17 and ratios of assessment shall not be greater than fiscal year 1999 levels and in no event shall the
18 final taxable value of a vehicle be higher than assessed in the prior fiscal year, and the levy of a
19 city, town, or fire district shall be limited to the lesser of the maximum taxable value or net
20 assessed value for purposes of collecting the tax in any given year. (d) Definitions.

21 (1) "Maximum taxable value" means the value of vehicles as prescribed by section 44-34-
22 11 reduced by the percentage of assessed value applicable to model year values as determined by
23 the Rhode Island vehicle value commission as of December 31, 1997, for the vehicles valued by
24 the commission as of December 31, 1997. For all vehicle value types not valued by the Rhode
25 Island vehicle value commission as of December 31, 1997, the maximum taxable value shall be
26 the latest value determined by a local assessor from an appropriate pricing guide, multiplied by
27 the ratio of assessment used by that city, town, or fire district for a particular model year as of
28 December 31, 1997.

29 (2) "Net assessed value" means the motor vehicle values as determined in accordance
30 with section 44-34-11 less all personal exemptions allowed by cities, towns, fire districts, and the
31 state of Rhode Island exemption value as provided for in section 44-34.1-1(c)(1).

32 **44-34.1-2. City and town and fire district reimbursement.** -- (a) In fiscal years 2000
33 and thereafter, cities and towns and fire districts shall receive reimbursements, as set forth in this
34 section, from state general revenues equal to the amount of lost tax revenue due to the phase out

1 or reduction of the excise tax. Cities and towns and fire districts shall receive advance
2 reimbursements through state fiscal year 2002. In the event the tax is phased out, cities and towns
3 and fire districts shall receive a permanent distribution of sales tax revenue pursuant to section
4 44-18-18 in an amount equal to any lost revenue resulting from the excise tax elimination. Lost
5 revenues must be determined using a base tax rate fixed at fiscal year 1998 levels for each city,
6 town, and fire district, except that the Town of Johnston's base tax rate must be fixed at a fiscal
7 year 1999 level.

8 (b) (1) The director of administration shall determine the amount of general revenues to
9 be distributed to each city and town and fire district for the fiscal years 1999 and thereafter so that
10 every city and town and fire district is held harmless from tax loss resulting from this chapter,
11 assuming that tax rates are indexed to inflation through fiscal year 2003.

12 (2) The director of administration shall index the tax rates for inflation by applying the
13 annual change in the December Consumer Price Index -- All Urban Consumers (CPI-U),
14 published by the Bureau of Labor Statistics of the United States Department of Labor, to the
15 indexed tax rate used for the prior fiscal year calculation; provided, that for state reimbursements
16 in fiscal years 2004 and thereafter, the indexed tax rate shall not be subject to further CPI-U
17 adjustments. The director shall apply the following principles in determining reimbursements:

18 (i) Exemptions granted by cities and towns and fire districts in the fiscal year 1998 must
19 be applied to assessed values prior to applying the exemptions in section 44-34.1-1(c)(1). Cities
20 and towns and fire districts will not be reimbursed for these exemptions.

21 (ii) City, town, and fire districts shall be reimbursed by the state for revenue losses
22 attributable to the exemptions provided for in section 44-34.1-1 and the inflation indexing of tax
23 rates through fiscal 2003. Reimbursement for revenue losses shall be calculated based upon the
24 difference between the maximum taxable value less personal exemptions and the net assessed
25 value.

26 (iii) Inflation reimbursements shall be the difference between:

27 (A) The levy calculated at the tax rate used by each city and town and fire district for
28 fiscal year 1998 after adjustments for personal exemptions but prior to adjustments for
29 exemptions contained in section 44-34.1-1(c)(1); provided, that for the town of Johnston the tax
30 rate used for fiscal year 1999 must be used for the calculation; and

31 (B) The levy calculated by applying the appropriate cumulative inflation adjustment
32 through state fiscal 2003 to the tax rate used by each city and town and fire district for fiscal year
33 1998; provided, that for the town of Johnston the tax rate used for fiscal year 1999 shall be used
34 for the calculation after adjustments for personal exemptions but prior to adjustments for

1 exemptions contained in section 44-34.1-1.

2 (c) (1) Funds shall be distributed to the cities and towns and fire districts as follows:

3 (i) On October 20, 1998, and each October 20 thereafter through October 20, 2001,
4 twenty-five percent (25%) of the amount calculated by the director of administration to be the
5 difference for the upcoming fiscal year.

6 (ii) On February 20, 1999, and each February 20 thereafter through February 20, 2002,
7 twenty-five percent (25%) of the amount calculated by the director of administration to be the
8 difference for the upcoming fiscal year.

9 (iii) On June 20, 1999, and each June 20 thereafter through June 20, 2002, fifty percent
10 (50%) of the amount calculated by the director of administration to be the difference for the
11 upcoming fiscal year.

12 (iv) On August 1, 2002, and each August 1 thereafter, twenty-five percent (25%) of the
13 amount calculated by the director of administration to be the difference for the current fiscal year.

14 (v) On November 1, 2002, and each November 1 thereafter, twenty-five percent (25%)
15 of the amount calculated by the director of administration to be the difference for the current
16 fiscal year.

17 (vi) On February 1, 2003, and each February 1 thereafter, twenty-five percent (25%) of
18 the amount calculated by the director of administration to be the difference for the current fiscal
19 year.

20 (vii) On May 1, 2003, and each May 1 thereafter, twenty-five percent (25%) of the
21 amount calculated by the director of administration to be the difference for the current fiscal year.

22 Provided, however, the February and May payments shall be subject to submission of
23 final certified and reconciled motor vehicle levy information.

24 (2) Each city, town, or fire district shall submit final certified and reconciled motor
25 vehicle levy information by August 30 of each year. Any adjustment to the estimated amounts
26 paid in the previous fiscal year shall be included or deducted from the payment due November 1.

27 (3) On any of the payment dates specified in paragraphs (1)(i) through (vii) of this
28 subsection, the director is authorized to deduct previously made over-payments or add
29 supplemental payments as may be required to bring the reimbursements into full compliance with
30 the requirements of this chapter.

31 (4) For the city of East Providence, the payment schedule is twenty-five percent (25%)
32 on February 20, 1999, and each February 20 thereafter through February 20, 2002, twenty-five
33 percent (25%) on June 20, 1999, and each June 20 thereafter through June 20, 2002, which
34 includes final reconciliation of the previous year's payment, and fifty percent (50%) on October

1 20, 1999, and each October 20 thereafter through October 20, 2002. For local fiscal years 2003
2 and thereafter, the payment schedule is twenty-five percent (25%) on each November 1, twenty-
3 five percent (25%) on each February 1, twenty-five percent (25%) on each May 1, which includes
4 final reconciliation of the previous year's payment, and twenty-five percent (25%) on each
5 August 1; provided, the May and August payments shall be subject to submission of final
6 certified and reconciled motor vehicle levy information.

7 (5) ~~In the event~~ When the tax is phased out, funds distributed to the cities, towns, and
8 fire districts for the following fiscal year shall be calculated as the funds distributed in the fiscal
9 year of the phase-out. Twenty-five percent (25%) of the amounts calculated shall be distributed to
10 the cities and towns and fire districts on August 1, in the fiscal year of the phase-out, twenty-five
11 percent (25%) on the following November 1, twenty-five percent (25%) on the following
12 February 1, and twenty-five percent (25%) on the following May 1. The funds shall be distributed
13 to each city and town and fire district in the same proportion as distributed in the fiscal year of the
14 phase-out.

15 (6) ~~In the event~~ When the tax is phased out to August 1, of the following fiscal year the
16 director of administration shall calculate to the nearest tenth of one cent (\$.001) the number of
17 cents of sales tax received for the fiscal year ending June 30, of the year following the phase-out
18 equal to the amount of funds distributed to the cities, towns, and fire districts under this chapter
19 during the fiscal year following the phase-out and the percent of the total funds distributed in the
20 fiscal year following the phase-out received by each city, town, and fire district, calculated to the
21 nearest one-hundredth of one percent (0.01%). The director of the department of administration
22 shall transmit those calculations to the governor, the speaker of the house, the president of the
23 senate, the chairperson of the house finance committee, the chairperson of the senate finance
24 committee, the house fiscal advisor, and the senate fiscal advisor. The number of cents, applied to
25 the sales taxes received for the prior fiscal year, shall be the basis for determining the amount of
26 sales tax to be distributed to the cities and towns and fire districts under this chapter for second
27 fiscal year following the phase-out and each year thereafter. The cities and towns and fire districts
28 shall receive that amount of sales tax in the proportions calculated by the director of
29 administration as that received in the fiscal year following the phase-out.

30 (7) ~~In the event~~ When the tax is phased out, twenty-five percent (25%) of the funds shall
31 be distributed to the cities, towns, and fire districts on August 1, of the following fiscal year and
32 every August 1 thereafter; twenty-five percent (25%) shall be distributed on the following
33 November 1, and every November 1 thereafter; twenty-five percent (25%) shall be distributed on
34 the following February 1, and every February 1 thereafter; and twenty-five percent (25%) shall be

1 distributed on the following May 1, and every May 1 thereafter.

2 (8) For the city of East Providence, in the event the tax is phased out, twenty-five percent
3 (25%) shall be distributed on November 1, of the following fiscal year and every November 1
4 thereafter, twenty-five percent (25%) shall be distributed on the following February 1, and every
5 February 1 thereafter; twenty-five percent (25%) shall be distributed on the following May 1, and
6 every May 1 thereafter; and twenty-five percent (25%) of the funds shall be distributed on the
7 following August 1, and every August 1 thereafter.

8 (9) As provided for in section 44-34-6, the authority of fire districts to tax motor vehicles
9 is eliminated effective with the year 2000 tax roll and the state reimbursement for fire districts
10 shall be based on the provisions of section 44-34-6. All references to fire districts in this chapter
11 do not apply to the year 2001 tax roll and thereafter.

12 SECTION 2. This act shall take effect upon passage.

13

1 within the allocation. In no event shall the exemption in any fiscal year be less than the prior
2 fiscal year.

3 (iv) ~~6.25%~~ Ten one hundredths of one percent (0.10%) to a maximum of ten million
4 dollars (\$10,000,000) for supplemental distribution to communities not included in paragraph
5 (a)(1)(i) above distributed proportionately on the basis of general revenue sharing distributed for
6 that fiscal year.

7 ~~(v) Any amounts in excess of the limits in (i) through (iv) above shall be allocated to~~
8 ~~the general fund.~~

9 (2) To the licensed video lottery retailer:

10 (a) Prior to the effective date of the NGJA Master Contract, Newport Jai Ali twenty-six
11 percent (26%) minus three hundred eighty four thousand nine hundred ninety-six dollars
12 (\$384,996);

13 (ii) On and after the effective date of the NGJA Master Contract, to the licensed video
14 lottery retailer who is a party to the NGJA Master Contract, all sums due and payable under said
15 Master Contract minus three hundred eighty four thousand nine hundred ninety-six dollars
16 (\$384,996).

17 (b) Prior to the effective date of the UTGR Master Contract, to the present licensed
18 video lottery retailer at Lincoln Park which is not a party to the UTGR Master Contract, twenty-
19 eight and eighty-five one hundredths percent (28.85%) minus seven hundred sixty-seven
20 thousand six hundred eighty-seven dollars (\$767,687);

21 (ii) On and after the effective date of the UTGR Master Contract, to the licensed video
22 lottery retailer who is a party to the UTGR Master Contract, all sums due and payable under said
23 Master Contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars
24 (\$767,687).

25 (3) To the technology providers who are not a party to the GTECH Master Contract as
26 set forth and referenced in Public Law 2003, Chapter 32, seven percent (7%) of the net terminal
27 income of the provider's terminals;

28 (ii) To contractors who are a party to the Master Contract as set forth and referenced in
29 Public Law 2003, Chapter 32, all sums due and payable under said Master Contract;

30 (iii) Notwithstanding subsections (i) and (ii) above, there shall be subtracted
31 proportionately from the payments to technology providers the sum of six hundred twenty-eight
32 thousand seven hundred thirty-seven dollars (\$628,737);

33 (4) To the city of Newport one and one hundredth percent ~~(1%)~~ (1.01%) ~~plus one quarter~~
34 ~~percent (0.25%) of net terminal income that is solely attributable to the introduction of newly~~

1 ~~authorized machines at Newport Grand pursuant to sections 3 and 4 herein as determined by the~~
2 ~~Revenue Estimating Conference;~~ and to the town of Lincoln one and ~~one-quarter~~ twenty six
3 hundreths percent (1.25%) (1.26%) ~~plus one-quarter percent (0.25%) of net terminal income that~~
4 ~~is solely attributable to the introduction of newly authorized machines at Lincoln Park pursuant to~~
5 ~~sections 3 and 4 herein as determined by the Revenue Estimating Conference;~~ and

6 (5) To the Narragansett Indian Tribe, ~~five~~ seventeen hundredths of one percent ~~(5%)~~
7 (0.17%) of net terminal income ~~that is solely attributable to the introduction of newly authorized~~
8 ~~machines at Lincoln Park as determined by the revenue estimators at the Revenue Estimating~~
9 ~~Conferences pursuant to chapter 16 of title 35~~ up to a maximum of ten million dollars
10 (\$10,000,000) per year, which shall be paid to the Narragansett Indian Tribe for the account of a
11 Tribal Development Fund to be used for the purpose of encouraging and promoting: home
12 ownership and improvement, elderly housing, adult vocational training; health and social
13 services; childcare; natural resource protection; and economic development consistent with state
14 law. Provided, however, such distribution shall terminate upon the opening of any gaming facility
15 in which the Narragansett Indians are entitled to any payments or other incentives; and provided
16 further any monies distributed hereunder shall not be used for, or spent on previously contracted
17 debts.

18 (6) Unclaimed prizes and credits shall remit to the general fund of the state;

19 (7) Payments into the state's general fund specified in subdivisions (a)(1) and (a)(6)
20 shall be made on an estimated monthly basis. Payment shall be made on the tenth day following
21 the close of the month except for the last month when payment shall be on the last business day.

22 SECTION 2. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is
23 hereby amended by adding thereto the following section:

24 **44-30-99. Personal income tax law.** -- (3) The Division of Taxation shall prepare and
25 submit to the General Assembly by October 1, 2006, a Rhode Island personal income tax law
26 which includes tax rates, income brackets, and personal exemptions that are indexed to an
27 inflation factor that relies as little as practical upon references to the United States Internal
28 Revenue Code. The report shall be accompanied with necessary recommended legislation
29 necessary to implement the law. The report and legislation shall be transmitted to the Chairman of
30 the House Finance Committee and the Chairperson of the Senate Finance Committee with copies
31 to the House Fiscal Advisor and Senate Fiscal Advisor.

32 SECTION 3. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is
33 hereby amended by adding thereto the following section:

34 **44-30-2. Annual Rhode Island personal income and tax data report.** -- No later than

1 March 15, the division of taxation shall annually submit a report for the previous calendar year of
2 Rhode Island individual income and tax data by size of adjusted gross income to the Chairpersons
3 of the House Finance Committee and Senate Finance Committee, and the House Fiscal Advisor
4 and the Senate Fiscal Advisor. The report should be as similar as practical to the individual and
5 income tax data for Rhode Island federal taxpayers issued by the Statistics of Income Division of
6 the Internal Revenue Service.

7 SECTION 4. Section 44-33-2.1 of the General Laws in Chapter 44-33 entitled "Property
8 Tax Relief" is hereby repealed.

9 ~~**44-33-2.1. Property tax relief.** -- (a) A claimant sixty five (65) years of age or older,~~
10 ~~and/or disabled during any portion of the year for which the claim was filed shall be paid in full~~
11 ~~upon receipt of his or her claim for relief under this chapter.~~

12 ~~-(b) The tax administrator shall not pay any claims to claimants who were under sixty~~
13 ~~five (65) years of age or not disabled on the last day of the taxable year for which the claim is~~
14 ~~made until the total amount of all timely filed claims has been paid under subsection (a) of this~~
15 ~~section. The balance of funds appropriated shall be determined as of June 30 annually less the~~
16 ~~sum of fifty thousand dollars (\$50,000) annually for payment of late filed claims approved by the~~
17 ~~tax administrator under section 44-33-18.~~

18 ~~-(c) If insufficient funds exist as of June 30 annually to pay the full amount of all claims~~
19 ~~of persons under sixty five (65) years of age and/or not disabled on the last day of the taxable~~
20 ~~year for which the claim is made, the tax administrator shall make payments to each claimant~~
21 ~~proportionately. No payment shall exceed one hundred percent (100%) of the amount of the~~
22 ~~claim.~~

23 ~~-(d) Late filed claims approved under section 44-33-18 for claimants sixty five (65) years~~
24 ~~of age or older and/or disabled are paid in full upon receipt of his or her claim for relief under this~~
25 ~~chapter. Late filed claims approved under section 44-33-18 for claimants under sixty five (65)~~
26 ~~years of age and/or not disabled are paid at the same percentage as determined under subsection~~
27 ~~(e) of this section.~~

28 SECTION 5 Section 44-33-9 of the General Laws in Chapter 44-33 entitled "Property
29 Tax Relief" is hereby amended to read as follows:

30 **44-33-9. Computation of credit.** -- The amount of any claim made pursuant to this
31 chapter shall be determined as follows: (1) For any taxable year, a claimant is entitled to a credit
32 against his or her tax liability equal to the amount by which the property taxes accrued or rent
33 constituting property taxes accrued upon the claimant's homestead for the taxable year exceeds a
34 certain percentage of the claimant's total household income for that taxable year, which

1 percentage is based upon income level and household size. The credit shall be computed in
2 accordance with the following table:

3	Income Range	1 Person	2 or More Persons
4	less than \$6000	3%	3%
5	\$6001-9000	4%	4%
6	\$9001-12000	5%	5%
7	\$12001-15000	6%	5%
8	\$15001-30000	6%	6%

9 (2) The maximum amount of the credit granted under this chapter will be as follows:

10	Year	Credit Maximum
11	Commencing July 1977	\$ 55.00
12	Commencing July 1978	\$150.00
13	Commencing July 1979	\$175.00
14	Commencing July 1980	\$200.00
15	Commencing on July 1997	\$250.00
16	and subsequent years	
17	<u>Commencing July 2007</u>	<u>\$300.00</u>

18 Commencing July 2008 and subsequent years, the credit shall be increased, at a
19 minimum, to the maximum amount to the nearest five dollar (\$5.00) increment within the
20 allocation of five one hundredths of one percent (0.05%) of net terminal income derived from
21 video lottery games up to a maximum of five million dollars (\$5,000,000) until a maximum credit
22 of five hundred dollars (\$500) is obtained pursuant to the provisions of section 42-61-15. In no
23 event shall the exemption in any fiscal year be less than the prior fiscal year.

24 SECTION 6 Section 44-30-98 of the General Laws in Chapter 44-30 entitled "Personal
25 Income Tax is hereby amended to read as follows:

26 **44-30-98. Refundable earned income credit.** – A taxpayer shall be allowed a credit as
27 provided in § 44-30-2.6(d); provided, however, ~~ten~~ fifteen percent ~~(10%)~~ (15%) of the excess
28 Rhode Island earned income credit will be refunded for the ~~2005~~ 2006 taxable year and each
29 taxable year thereafter.

30 SECTION 7. Section 44-30-2.6 of the General Laws in Chapter 44-30 entitled "Personal
31 Income Tax" are hereby amended to read as follows:

32 **44-30-2.6. Rhode Island taxable income -- Rate of tax.** -- (a) "Rhode Island taxable
33 income" means federal taxable income as determined under the Internal Revenue Code, 26 U.S.C.
34 section 1 et seq., not including the increase in the basic standard deduction amount for married

1 couples filing joint returns as provided in the Jobs and Growth Tax Relief Reconciliation Act of
2 2003 and the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), and as
3 modified by the modifications in section 44-30-12.

4 (b) Notwithstanding the provisions of sections 44-30-1 and 44-30-2, for tax years
5 beginning on or after January 1, 2001, a Rhode Island personal income tax is imposed upon the
6 Rhode Island taxable income of residents and nonresidents, including estates and trusts, at the rate
7 of twenty-five and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for
8 tax year 2002 and thereafter of the federal income tax rates, including capital gains rates and any
9 other special rates for other types of income, except as provided in section 44-30-2.7, which were
10 in effect immediately prior to enactment of the Economic Growth and Tax Relief Reconciliation
11 Act of 2001 (EGTRRA); provided, rate schedules shall be adjusted for inflation by the tax
12 administrator beginning in taxable year 2002 and thereafter in the manner prescribed for
13 adjustment by the commissioner of Internal Revenue in 26 U.S.C. section 1(f). However, for tax
14 years beginning on or after January 1, 2006, a taxpayer may elect to use the alternative flat tax
15 rate provided in section 44-30-2.10 to calculate his or her personal income tax liability.

16 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative
17 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode
18 Island alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by
19 multiplying the federal tentative minimum tax without allowing for the increased exemptions
20 under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal
21 form 6251 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%)
22 for tax year 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing
23 the product to the Rhode Island tax as computed otherwise under this section. The excess shall be
24 the taxpayer's Rhode Island alternative minimum tax.

25 (d) Credits against tax. - For tax years beginning on or after January 1, 2001, a taxpayer
26 entitled to any of the following federal credits enacted prior to January 1, 1996 shall be entitled to
27 a credit against the Rhode Island tax imposed under this section:

- 28 (1) earned income credit;
- 29 (2) child and dependent care credit;
- 30 (3) general business credits;
- 31 (4) foreign tax credit;
- 32 (5) credit for elderly or the disabled;
- 33 (6) credit for prior year minimum tax;
- 34 (7) mortgage interest credit;

1 (8) empowerment zone employment credit;

2 (9) qualified electric vehicle credit;

3 The credit shall be twenty-five and one-half percent (25.5%) of the listed federal credits
4 for tax year 2001, and shall be twenty-five percent (25%) of the aforementioned federal credits
5 for tax year 2002 and thereafter; provided, there shall be no deduction based on any federal
6 credits enacted after January 1, 1996, including the rate reduction credit provided by the federal
7 Economic Growth and Tax Reconciliation Act of 2001 (EGTRRA). In no event shall the tax
8 imposed under this section be reduced to less than zero. A taxpayer required to recapture any of
9 the above credits for federal tax purposes shall determine the Rhode Island amount to be
10 recaptured in the same manner as prescribed in this subsection.

11 SECTION 8. Chapter 44-30 of the general laws entitled "Personal Income Tax" is hereby
12 amended by adding thereto the following section:

13 **44-30-2.10. Alternative flat tax rate.** – (a) For tax years beginning on or after January 1,
14 2006, a taxpayer may elect to compute his or her Rhode Island personal income tax liability as
15 provided in this section. If no election is made, the taxpayer's personal income tax liability shall
16 be computed as otherwise provided in this chapter.

17 (b) For purposes of this section, "alternative Rhode Island taxable income" shall mean
18 federal adjusted gross income as determined for federal income tax purposes as modified by
19 section 44-30-12 and 44-30-32 for residents and nonresidents, respectively. No other state or
20 federal deductions or adjustments to income shall be available to the taxpayer.

21 (c) For purposes of this section, the "alternative tax rate" shall be eight percent (8.0%) for
22 the tax year 2006; seven and one-half percent (7.5%) for tax year 2007; seven percent (7%) for
23 tax year 2008; six and one-half percent (6.5%) for tax year 2009; six percent (6%) for tax year
24 2010; and five and one-half percent (5.5%) for tax years 2011 and thereafter;

25 (d) The alternative personal income tax shall be determined by multiplying the taxpayer's
26 alternative Rhode Island taxable income by the alternative tax rate, less the following credits:

27 (1) Credit for income taxes paid to other states as provided for in section 44-30-18;

28 (2) Credit for Rhode Island personal income tax withheld as provided in section 44-30-
29 74;

30 (3) Credit for Rhode Island payments of estimated tax as provided in section 44-30-56(e)
31 and RI Reg. Sec. PIT 90-17;

32 (4) Credit for Rhode Island overpayment of taxes as provided in section 44-30-86(a); and

33 (5) Credit for Rhode Island amount remitted by a limited liability company on behalf of a
34 nonresident member as provided in section 7-16-73(4).

1 No other state or federal tax credits shall be available to the taxpayer in computing the
2 alternative personal income tax liability.

3 (e) The provisions of this section may apply regardless of the taxpayer's filing status.

4 SECTION 9. Sections 44-18-6, 44-18-7, 44-18-8, 44-18-12, 44-18-13, 44-18-16, 44-18-
5 17, 44-18-18.1, 44-18-25 and 44-18-30 of the General Laws in Chapter 44-18 entitled "Sales and
6 Use Taxes—Liability and Computation" are hereby amended to read as follows:

7 **44-18-6. Person defined.**— "Person" includes any individual, ~~firm, co-~~partnership, ~~joint~~
8 ~~venture~~, association, ~~social club, fraternal organization~~, corporation, estate, trust, ~~business trust,~~
9 ~~receiver, trustee, assignee, referee, syndicate, the United States, this state, any city, town district~~
10 ~~or other political subdivision of this state, any individual or group acting in a fiduciary capacity,~~
11 ~~or any other group or combination acting as a unit.~~ fiduciary, limited liability company, limited
12 liability partnership, or any other legal entity.

13 **44-18-7. Sales Defined** ~~— Additional definitions.~~ **Sales Defined.** -- (a) "Hotel"
14 ~~means every building or other structure kept, used, maintained, advertised as or held out to the~~
15 ~~public to be a place where living quarters are supplied for pay to transient or permanent guests~~
16 ~~and tenants and includes a motel.~~

17 (b) "Living quarters" ~~means sleeping rooms, sleeping or housekeeping accommodations,~~
18 ~~or any other room or accommodation in any part of the hotel, rooming house or tourist camp~~
19 ~~which is available for or rented out for hire in the lodging of guests.~~

20 (c) "Rooming house" ~~means every house, boat, vehicle, motor court or other structure~~
21 ~~kept, used, maintained, advertised or held out to the public to be a place where living quarters are~~
22 ~~supplied for pay to transient or permanent guests or tenants, whether in one or adjoining~~
23 ~~buildings.~~

24 (d) "Sales" means and includes:

25 (1) Any transfer of title or possession, exchange, barter, lease, or rental, conditional or
26 otherwise, in any manner or by any means of tangible personal property for a consideration.
27 "Transfer of possession," "lease," or "rental" includes transactions found by the tax administrator
28 to be in lieu of a transfer of title, exchange, or barter.

29 (2) The producing, fabricating, processing, printing, or imprinting of tangible personal
30 property for a consideration for consumers who furnish either directly or indirectly the materials
31 used in the producing, fabricating, processing, printing, or imprinting.

32 (3) The furnishing and distributing of tangible personal property for a consideration by
33 social, athletic, and similar clubs and fraternal organizations to their members or others.

34 (4) The furnishing, preparing, or serving for a consideration of food, meals, or drinks,

1 including any cover, minimum, entertainment, or other charge in connection therewith.

2 (5) A transaction whereby the possession of tangible personal property is transferred but
3 the seller retains the title as security for the payment of the price.

4 (6) Any withdrawal, except a withdrawal pursuant to a transaction in foreign or interstate
5 commerce, of tangible personal property from the place where it is located for delivery to a point
6 in this state for the purpose of the transfer of title or possession, exchange, barter, lease, or rental,
7 conditional or otherwise, in any manner or by any means whatsoever, of the property for a
8 consideration.

9 (7) A transfer for a consideration of the title or possession of tangible personal property
10 which has been produced, fabricated, or printed to the special order of the customer, or any
11 publication.

12 (8) The furnishing and distributing of electricity, natural gas, artificial gas, steam,
13 refrigeration, and water.

14 (9)(i) The furnishing for consideration of telecommunications service which includes
15 local exchange service, intrastate toll service, interstate and international toll service, including
16 cellular mobile telephone or telecommunications service, specialized mobile radio and pagers and
17 paging service including any form of mobile two-way communication, all ancillary services, any
18 maintenance services other than as provided for in §44-18-12(ii)(B) and including the furnishing,
19 rental or leasing of all equipment ~~or services~~ pertaining or incidental thereto, provided such
20 service is: rendered in its entirety within this state, originated in this state and terminated in
21 another state or a foreign country and with respect to which such service is charged to a telephone
22 number, customer or account located in this state or to the account of any transmission instrument
23 in this state, originated in another state or a foreign country and terminated in this state and is
24 charged to a telephone number, customer or account located in this state at which such service is
25 terminated, or to the account of any transmission instrument in this state at which such service is
26 terminated, provided, however, that such service shall not include receipts except as otherwise
27 provided in sections 44-18-8 and 44-18-12.1. Telecommunications service shall not include
28 service rendered using a prepaid telephone calling arrangement.

29 (ii) Notwithstanding the provisions of subsection (a), in accordance with the Mobile
30 Telecommunications Sourcing Act (4 USC 116-126), subject to the specific exemptions described
31 in 4 USC 116(c), and the exemptions provided in R.I. General Laws sections 44-18-8 and 44-18-
32 12.1, mobile tele communications services that are deemed to be provided by the customer's home
33 service provider are subject to tax under this chapter if the customer's place of primary use is in
34 this state regardless of where the mobile telecommunications services originate, terminate or pass

1 through. Mobile telecommunications services provided to a customer, the charges for which are
2 billed by or for the customer's home service provider, shall be deemed to be provided by the
3 customer's home service provider. ~~For the purposes of this paragraph:~~

4 ~~(A) "Customer" means either (a) a person or entity that contracts with a home service~~
5 ~~provider for mobile telecommunications service or (b) if the end user of mobile~~
6 ~~telecommunications services is not the contracting party, the end user of the mobile~~
7 ~~telecommunication service, but this clause applies only for the purpose of determining the place~~
8 ~~of determining the place of primary use. Customer does not include a reseller of mobile~~
9 ~~telecommunications services or a serving carrier that is under an arrangement to serve the~~
10 ~~customer outside the home service provider's licensed service area.~~

11 ~~(B) "Home service provider" means a facilities based carrier or reseller with which the~~
12 ~~customer contracts for the provision of mobile telecommunications services.~~

13 ~~(C) "Mobile telecommunications service" means commercial mobile radio service as~~
14 ~~defined in section 20.3 of title 47 of the Code of Federal Regulations in effect on June 1, 1999.~~

15 ~~(D) "Place of primary use" means the street address representative of where the~~
16 ~~customer's use of the mobile telecommunications service primarily occurs, which must be:~~

17 ~~(I) The residential street address or the primary business street address of the customer;~~
18 ~~and~~

19 ~~(II) Within the licensed service area of the home service provider.~~

20 ~~(iii) All other definitions and provisions of the Mobile Telecommunications Act as~~
21 ~~provided in 4 U.S.C. §§ 116-126 are adopted.~~

22 (10) The furnishing of service for transmission of messages by telegraph, cable or
23 radio and the furnishing of community antenna television subscription television and cable
24 television services.

25 (11) The rental of living quarters in any hotel, rooming house or tourist camp.

26 (12) The transfer for consideration of prepaid telephone calling arrangements and the
27 recharge of prepaid telephone calling arrangements. If the transfer or recharge of a prepaid
28 telephone calling arrangement does not take place at a vendor's place of business, the transfer or
29 recharge is conclusively determined to take place at the customer's shipping address, or if there is
30 no item shipped, at the customer's billing address or the location associated with the customer's
31 mobile telephone number. "Prepaid telephone calling arrangement" means and includes a prepaid
32 telephone calling card and/or the right to exclusively purchase telecommunications services, that
33 must be paid for in advance, that enables the origination of calls using an access number and/or
34 authorization code, whether manually or electronically dialed.

1 ~~(e) "Tourist camp" means a place where tents or tent houses, or camp cottages, or cabins~~
2 ~~or other structures are located and offered to the public or any segment of the public for human~~
3 ~~habitation.~~

4 **44-18-8. Retail sale or sale at retail defined.--** (a) A "retail sale" or "sale at retail"
5 means a any sale, ~~including~~ lease or rentals of tangible personal property, for any purpose other
6 than resale, sublease or subrent in the regular course of business, ~~and also means the rental of~~
7 ~~living quarters in any hotel, rooming house or tourist camp.~~ The sale of tangible personal
8 property to be used for purposes of rental in the regular course of business is considered to be a
9 sale for resale. ~~"Rental" means the agreeing by the owner to give exclusive use of property to~~
10 ~~another for a consideration and for any period of time under any one (1) agreement.~~ In regards to
11 telecommunications service as defined in §44-18-7~~(d)~~(9), retail sale does not include the purchase
12 of telecommunications service by a telecommunications provider from another
13 telecommunications provider for resale to the ultimate consumer, provided the purchaser submits
14 to the seller a certificate attesting to the applicability of this exclusion, upon receipt of which the
15 seller is relieved of any tax liability for the sale ~~so long as the certificate is taken in good faith by~~
16 ~~the seller.~~ A sale at retail includes sales defined in §44-18-7(13).

17 (b) The delivery in this state of tangible personal property by an owner or former
18 owner or by a factor, if the delivery is to a consumer pursuant to a retail sale made by a retailer
19 not engaged in business in this state, is a retail sale in this state by the person making the delivery
20 and he or she shall include the retail selling price of the property in his or her gross receipts.

21 **44-18-12. "Sale price" defined.--** ~~(a) "Sale price" means the total amount for which~~
22 ~~tangible personal property is sold or leased or rented, and the total amount charged for the~~
23 ~~furnishing or distributing of electricity, natural gas, artificial gas, steam, refrigeration, water,~~
24 ~~telecommunications, telegraph, cable, and radio message service, community antenna television,~~
25 ~~subscription television and cable television service. "Sale price" means in regard to~~
26 ~~telecommunications service the total consideration received for such service as defined in §44-18-~~
27 ~~7(d)(9). In order to prevent multistate taxation of all telecommunications service, any taxpayer is~~
28 ~~allowed a credit or refund of sales tax upon presenting proof that a tax has been paid to another~~
29 ~~state to which the tax is properly due, for the identical service taxed under this chapter. "Sale~~
30 ~~price" means the total amount charged for the rental of living quarters in any hotel, rooming~~
31 ~~house or tourist camp, valued in money, whether paid in money or otherwise, including all of the~~
32 ~~following:~~

33 ~~—(1) Any services that are a part of the sale, valued in money, whether paid in money or~~
34 ~~otherwise.~~

1 ~~—(II) All receipts, cash, credits, and property of any kind.~~

2 ~~—(III) Any amount for which credit is given to the purchaser by the seller.~~

3 ~~—(b) "Sale price" does not include any of the following:~~

4 ~~—(I) Cash discounts allowed and taken on sales.~~

5 ~~—(II) The amount charged for property returned by customers upon rescission of the~~
6 ~~contract of sale when the entire amount exclusive of handling charges paid for property is~~
7 ~~refunded either in cash or credit, and where the property is returned within one hundred twenty~~
8 ~~(120) days from the date of delivery.~~

9 ~~—(III) The amount charged for labor or services rendered in installing or applying the~~
10 ~~property sold or for making alterations to wearing apparel in connection with the sale when the~~
11 ~~charge is separately stated by the retailer to the purchaser; provided, that in transactions subject to~~
12 ~~the provisions of this chapter the retailer separately states the charge when requested by the~~
13 ~~purchaser and any conduct that maybe restrained in the same manner prescribed in chapter 13.1~~
14 ~~of title 6.~~

15 ~~—(IV) The amount of any tax, not including any manufacturers' or importers' excise tax,~~
16 ~~imposed by the United States upon or with respect to retail sales whether imposed upon the~~
17 ~~retailer or the consumer.~~

18 ~~(V) Transportation charges separately stated, if the transportation occurs after the~~
19 ~~purchase of the property is made.~~

20 (a) "Sales price" applies to the measure subject to sales tax and means the total amount of
21 consideration, including cash, credit, property, and services, for which personal property or
22 services are sold, leased, or rented, valued in money, whether received in money or otherwise,
23 without any deduction for the following:

24 (i) The seller's cost of the property sold;

25 (ii) The cost of materials used, labor or service cost, interest, losses, all costs of
26 transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;

27 (iii) Charges by the seller for any services necessary to complete the sale, other than
28 delivery and installation charges;

29 (iv) Delivery charges, as defined in 44-18-7.1(i); or

30 (v) Credit for any trade-in, as determined by state law.

31 (b) "Sales price" shall not include:

32 (i) Discounts, including cash, term, or coupons that are not reimbursed by a third party
33 that are allowed by a seller and taken by a purchaser on a sale;

34 (ii) The amount charged for labor or services rendered in installing or applying the

1 property sold when the charge is separately stated by the retailer to the purchaser; provided that in
2 transactions subject to the provisions of this chapter the retailer shall separately state such charge
3 when requested by the purchaser and, further, the failure to separately state such charge when
4 requested may be restrained in the same manner as other unlawful acts or practices prescribed in
5 chapter 13.1 of title 6.

6 (iii) Interest, financing, and carrying charges from credit extended on the sale of personal
7 property or services, if the amount is separately stated on the invoice, bill of sale or similar
8 document given to the purchaser; and

9 (iv) Any taxes legally imposed directly on the consumer that are separately stated on the
10 invoice, bill of sale or similar document given to the purchaser.

11 (v) Manufacturer rebates allowed on the sale of motor vehicles.

12 (c) "Sales price" shall include consideration received by the seller from third parties if:

13 (i) The seller actually receives consideration from a party other than the purchaser and the
14 consideration is directly related to a price reduction or discount on the sale;

15 (ii) The seller has an obligation to pass the price reduction or discount through to the
16 purchaser;

17 (iii) The amount of the consideration attributable to the sale is fixed and determinable by
18 the seller at the time of the sale of the item to the purchaser; and

19 (iv) One of the following criteria is met:

20 (A) The purchaser presents a coupon, certificate or other documentation to the seller to
21 claim a price reduction or discount where the coupon, certificate or documentation is authorized,
22 distributed or granted by a third party with the understanding that the third party will reimburse
23 any seller to whom the coupon, certificate or documentation is presented;

24 (B) The purchaser identifies himself or herself to the seller as a member of a group or
25 organization entitled to a price reduction or discount (a "preferred customer" card that is available
26 to any patron does not constitute membership in such a group), or

27 (C) The price reduction or discount is identified as a third party price reduction or
28 discount on the invoice received by the purchaser or on a coupon, certificate or other
29 documentation presented by the purchaser.

30 **44-18-13. Gross receipts defined.--**"Gross receipts" means the total amount of the sale
31 price, as defined in §44-18-12 or the measure subject to tax as defined in §44-18-12.1, of the
32 retail sales of retailers.

33 **44-18-16. Tangible property defined.--** "Tangible personal property" means personal
34 property which may be seen, weighed, measured, felt, or touched, or which is in any other

1 manner perceptible to the senses. [“Tangible personal property” includes electricity, water, gas,](#)
2 [steam, and prewritten computer software.](#)

3 **44-18-17. In this State defined.** -- "In this state" or "in the state" means within the
4 exterior limits of the state of Rhode Island and includes all territory within these limits owned by
5 or ceded to the United States of America.

6 **44-18-18.1. Local meals and beverage tax.**— (a) There is hereby levied and imposed,
7 upon every purchaser of a meal and/or beverage, in addition to all other taxes and fees now
8 imposed by law, a local ~~sales or use~~ [meals and beverage](#) tax upon each and every meal and/or
9 beverage sold within the state of Rhode Island in or from an eating and/or drinking establishment,
10 whether prepared in the eating and/or drinking establishment or not and whether consumed at the
11 premises or not, at a rate of one percent (1%) of the gross receipts. The tax shall be paid to the
12 tax administrator by the retailer at the time and in the manner provided.

13 (b) All sums received by the division of taxation under this section as taxes, penalties or
14 forfeitures, interest, costs of suit and fines shall be distributed at least quarterly, credited and paid
15 by the state treasurer to the city or town where the meals and beverages are delivered.

16 (c) When used in this section, the following words have the following meanings:

17 (1) “Beverage” means all nonalcoholic beverages, as well as alcoholic beverages, beer,
18 lager beer, ale, porter, wine, similar fermented malt or vinous liquor.

19 (2) “Eating and/or drinking establishments” mean and include restaurants, bars, taverns,
20 lounges, cafeterias, lunch counters, drive-ins, roadside ice cream and refreshment stands, fish and
21 chip places, fried chicken places, pizzerias, food and drink concessions, or similar facilities in
22 amusement parks, bowling alleys, clubs, caterers, drive-in theatres, industrial plants, race tracks,
23 shore resorts or other locations, lunch carts, mobile canteens and other similar vehicles, and other
24 like places or business which furnish or provide facilities for immediate consumption of food at
25 tables, chairs or counters or from trays, plates, cups or other tableware or in parking facilities
26 provided primarily for the use of patrons in consuming products purchased at the location.
27 Ordinarily, eating establishments do not mean and include food stores and supermarkets. Eating
28 establishments do not mean “vending machines,” a self-contained automatic device that dispenses
29 for sale foods, beverages, or confection products. Retailers selling prepared foods in bulk either
30 in customer-furnished containers or in the seller’s containers, for example “Soup and Sauce”
31 establishments, are deemed to be selling prepared foods ordinarily for immediate consumption
32 and as such are considered eating establishments.

33 (3) “Meal” means any prepared food or beverage offered or held out for sale by an eating
34 and/or drinking establishment for the purpose of being consumed by any person to satisfy the

1 appetite and which is ready for immediate consumption. All such food and beverage, unless
2 otherwise specifically exempted or excluded herein shall be included, whether intended to be
3 consumed on the seller's premises or elsewhere, whether designated as breakfast, lunch, snack,
4 dinner, supper or by some other name, and without regard to the manner, time or place of service.

5 (d) This local ~~sales or use~~ meals and beverage tax shall be administered and collected by
6 the division of taxation and unless provided to the contrary in this chapter, all of the
7 administration, collection, and other provisions of chapters 18 and 19 of this article apply.

8 **44-18-25. Presumption that sale is for storage, use, or consumption -- Resale**

9 **certificate.** -- It is presumed that all gross receipts are subject to the sales tax, and that the use of
10 all tangible personal property is subject to the use tax, and that all tangible personal property sold
11 or in processing or intended for delivery or delivered in this state is sold or delivered for storage,
12 use, or other consumption in this state, until the contrary is established to the satisfaction of the
13 tax administrator. The burden of proving the contrary is upon the person who makes the sale and
14 the purchaser, unless the person who makes the sale takes from the purchaser a certificate to the
15 effect that the purchase was for resale. ~~The certificate relieves the person making the sale from~~
16 ~~the burden of proof only if taken in good faith from a person who is engaged in the business of~~
17 ~~making sales at retail and who holds a permit as provided in section § 44-19-2 or 44-19-3 and~~
18 ~~who, at the time of making the purchase, intends to sell what is so purchased in the regular course~~
19 ~~of business or is unable to ascertain at the time of purchase whether what is purchased will be~~
20 ~~sold or will be used for some other purpose.~~ The certificate shall contain any information and be
21 in the form that the tax administrator may require.

22 **44-18-30. Gross receipts exempt from sales and use taxes.** -- There are exempted from
23 the taxes imposed by this chapter the following gross receipts:

24 (1) *Sales and uses beyond constitutional power of state.* From the sale and from the
25 storage, use, or other consumption in this state of tangible personal property the gross receipts
26 from the sale of which, or the storage, use, or other consumption of which, this state is prohibited
27 from taxing under the Constitution of the United States or under the constitution of this state.

28 (2) *Newspapers.*

29 (i) From the sale and from the storage, use, or other consumption in this state of any
30 newspaper.

31 (ii) "Newspaper" means an unbound publication printed on newsprint, which contains
32 news, editorial comment, opinions, features, advertising matter, and other matters of public
33 interest.

34 (iii) "Newspaper" does not include a magazine, handbill, circular, flyer, sales catalog, or

1 similar item unless the item is printed for and distributed as a part of a newspaper.

2 (3) *School meals.* From the sale and from the storage, use, or other consumption in this
3 state of meals served by public, private, or parochial schools, school districts, colleges,
4 universities, student organizations, and parent teacher associations to the students or teachers of a
5 school, college, or university whether the meals are served by the educational institutions or by a
6 food service or management entity under contract to the educational institutions.

7 (4) *Containers*

8 (i) From the sale and from the storage, use, or other consumption in this state of:

9 (A) Non-returnable containers, including boxes, paper bags, and wrapping materials
10 which are biodegradable and all bags and wrapping materials utilized in the medical and healing
11 arts, when sold without the contents to persons who place the contents in the container and sell
12 the contents with the container.

13 (B) Containers when sold with the contents if the sale price of the contents is not required
14 to be included in the measure of the taxes imposed by this chapter.

15 (C) Returnable containers when sold with the contents in connection with a retail sale of
16 the contents or when resold for refilling.

17 (ii) As used in this subdivision, the term "returnable containers" means containers of a
18 kind customarily returned by the buyer of the contents for reuse. All other containers are "non-
19 returnable containers."

20 (5) *Charitable, educational, and religious organizations.* (i) From the sale to as in
21 defined in this section, and from the storage, use, and other consumption in this state or any other
22 state of the United States of America of tangible personal property by hospitals not operated for a
23 profit, "educational institutions" as defined in subdivision (18) not operated for a profit, churches,
24 orphanages, and other institutions or organizations operated exclusively for religious or charitable
25 purposes, interest free loan associations not operated for profit, nonprofit organized sporting
26 leagues and associations and bands for boys and girls under the age of nineteen (19) years, the
27 following vocational student organizations that are state chapters of national vocational students
28 organizations: Distributive Education Clubs of America, (DECA); Future Business Leaders of
29 America, phi beta lambda (FBLA/PBL); Future Farmers of America (FFA); Future Homemakers
30 of America/Home Economics Related Occupations (FHA/HERD); and Vocational Industrial
31 Clubs of America (VICA), organized nonprofit golden age and senior citizens clubs for men and
32 women, and parent teacher associations.

33 (ii) In the case of contracts entered into with the federal government, its agencies or
34 instrumentalities, this state or any other state of the United States of America, its agencies, any

1 city, town, district, or other political subdivision of the states, hospitals not operated for profit,
2 educational institutions not operated for profit, churches, orphanages, and other institutions or
3 organizations operated exclusively for religious or charitable purposes, the contractor may
4 purchase such materials and supplies (materials and/or supplies are defined as those which are
5 essential to the project) that are to be utilized in the construction of the projects being performed
6 under the contracts without payment of the tax.

7 (iii) The contractor shall not charge any sales or use tax to any exempt agency,
8 institution, or organization but shall in that instance provide his or her suppliers with certificates
9 in the form as determined by the division of taxation showing the reason for exemption; and the
10 contractor's records must substantiate the claim for exemption by showing the disposition of all
11 property so purchased. If any property is then used for a nonexempt purpose, the contractor must
12 pay the tax on the property used.

13 (6) *Gasoline.* From the sale and from the storage, use, or other consumption in this state
14 of: (i) gasoline and other products taxed under chapter 36 of title 31, and (ii) fuels used for the
15 propulsion of airplanes.

16 (7) *Purchase for manufacturing purposes.*

17 (i) From the sale and from the storage, use, or other consumption in this state of computer
18 software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration,
19 and water, when the property or service is purchased for the purpose of being manufactured into a
20 finished product for resale, and becomes an ingredient, component, or integral part of the
21 manufactured, compounded, processed, assembled, or prepared product, or if the property or
22 service is consumed in the process of manufacturing for resale computer software, tangible
23 personal property, electricity, natural gas, artificial gas, steam, refrigeration, or water.

24 (ii) "Consumed" means destroyed, used up, or worn out to the degree or extent that the
25 property cannot be repaired, reconditioned, or rendered fit for further manufacturing use.

26 (iii) "Consumed" includes mere obsolescence.

27 (iv) "Manufacturing" means and includes manufacturing, compounding, processing,
28 assembling, preparing, or producing.

29 (v) "Process of manufacturing" means and includes all production operations performed
30 in the producing or processing room, shop, or plant, insofar as the operations are a part of and
31 connected with the manufacturing for resale of tangible personal property, electricity, natural gas,
32 artificial gas, steam, refrigeration, or water and all production operations performed insofar as the
33 operations are a part of and connected with the manufacturing for resale of computer software.

34 (vi) "Process of manufacturing" does not mean or include administration operations such

1 as general office operations, accounting, collection, sales promotion, nor does it mean or include
2 distribution operations which occur subsequent to production operations, such as handling,
3 storing, selling, and transporting the manufactured products, even though the administration and
4 distribution operations are performed by or in connection with a manufacturing business.

5 (8) *State and political subdivisions.* From the sale to, and from the storage, use, or other
6 consumption by, this state, any city, town, district, or other political subdivision of this state.
7 Every redevelopment agency created pursuant to chapter 31 of title 45 is deemed to be a
8 subdivision of the municipality where it is located.

9 ~~(9) Food products.~~

10 ~~(i) From the sale and the storage, use, or other consumption in this state, subsequent to~~
11 ~~March 31, 1948, of food products for human consumption.~~

12 ~~(ii) "Food products" includes except as otherwise provided in this subdivision, cereals~~
13 ~~and cereal products; milk and milk products, other than candy and confectionary, but including~~
14 ~~ice cream; oleomargarine; meat and meat products; fish and fish products; eggs and egg products;~~
15 ~~vegetables and vegetable products; fruit and fruit products, including pure fruit juices; spices,~~
16 ~~condiments, and salt; sugar and sugar products other than candy and confectionery; coffee and~~
17 ~~coffee substitutes; tea, cocoa and cocoa products, other than candy and confectionery; non-~~
18 ~~carbonated and non-effervescent bottled waters sold for human consumption.~~

19 ~~(iii) "Food products" shall not include spirituous, malt, or vinous liquors; soft drinks,~~
20 ~~sodas, or beverages that are ordinarily dispensed at bars or soda fountains or in connection~~
21 ~~therewith; medicines, tonics, vitamins and preparations in liquid, powdered, granular, tablet,~~
22 ~~capsule, lozenge, or pill form, sold as dietary supplements or adjuncts, except when sold on the~~
23 ~~prescription of a physician; or mineral and carbonated bottled waters and ice.~~

24 ~~(iv) "Food products" also does not include meals served on or off the premises of the~~
25 ~~retailer; or drinks or food furnished, prepared, or served for consumption at tables, chairs, or~~
26 ~~counters, or from trays, glasses, dishes, or other tableware provided by the retailer.~~

27 ~~(v) "The sale of meals and other food products ordinarily sold for immediate~~
28 ~~consumption on or off the premises of the retailer is a taxable sale even though such products are~~
29 ~~sold on a "take out" or "to go" order, and are actually packaged or wrapped and taken from the~~
30 ~~premises.~~

31 (9) Food and food ingredients.—From the sale and storage, use, or other consumption in
32 this state of food and food ingredients as defined in section 44-18-7.1(l).

33 For the purposes of this exemption "food and food ingredients" shall not include candy,
34 soft drinks, dietary supplements, alcoholic beverages, tobacco, food sold through vending

1 machines or prepared food (as those terms are defined in § 44-18-7.1 unless the prepared food is:

2 (i) Sold by a seller whose primary NAICS classification is manufacturing in sector 311,
3 except sub-sector 3118 (bakeries);

4 (ii) Sold in an unheated state by weight or volume as a single item;

5 (iii) Bakery items, including bread, rolls, buns, biscuits, bagels, croissants, pastries,
6 donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas; and
7 is not sold with utensils provided by the seller, including plates, knives, forks, spoons,
8 glasses, cups, napkins, or straws.

9 (10) *Medicines, ~~and drugs~~ and durable medical equipment. From the sale and from the*
10 *storage, use, or other consumption in this state, ~~subsequent to March 31, 1948,~~ of:*

11 (i) ~~“medicines” and “drugs”~~ as defined in § ~~5-19-1 [repealed]~~ 44-18-7.1(h)(i), sold on
12 ~~prescriptions, and proprietary medicines, popularly called patent medicines, including, but not~~
13 ~~limited to, disposable or reusable devices such as syringe infusers, ambulatory drug delivery~~
14 ~~pumps and supplies used with these items which are sold on prescription to individuals to be used~~
15 ~~by them to dispense or administer prescription drugs, and related ancillary dressings and supplies~~
16 ~~used to dispense or administer prescription drugs~~ blood, medical oxygen, and insulin whether or
17 not sold on prescription, and over-the-counter drugs as defined in section 44-18-7.1(h)(ii). For
18 purposes of this exemption over-the-counter drugs shall not include grooming and hygiene
19 products as defined in section 44-18-7.1(h)(iii).

20 (ii) Durable medical equipment as defined in section 44-18-7.1(k) for home use only,
21 including but not limited to syringe infusers, ambulatory drug delivery pumps, hospital beds,
22 convalescent chairs, and chair lifts. Supplies used in connection with syringe infusers and
23 ambulatory drug delivery pumps which are sold on prescription to individuals to be used by them
24 to dispense or administer prescription drugs, and related ancillary dressings and supplies used to
25 dispense or administer prescription drugs shall also be exempt from tax.

26 (11) *Prosthetic ~~and orthopedic appliances~~ devices and mobility enhancing equipment.*
27 *From the sale and from the storage, use, or other consumption in this state, ~~subsequent to March~~*
28 *~~31, 1948,~~ of prosthetic devices as defined in section 44-18-7.1(t), sold on prescription, including*
29 *but not limited to, ~~crutches,~~ artificial limbs, dentures, spectacles and eyeglasses, and artificial*
30 *eyes; artificial hearing devices ~~and other prostheses or orthopedic appliances designed and~~*
31 *~~purchased to be worn on the person of the owner or user~~ and hearing aids, whether or not sold on*
32 *prescription and mobility enhancing equipment as defined in 44-18-7.1(p) including wheelchairs,*
33 *crutches and canes.*

34 (12) *Coffins, caskets, and burial garments.* From the sale and from the storage, use, or

1 other consumption in this state of coffins or caskets, and shrouds or other burial garments which
2 are ordinarily sold by a funeral director as part of the business of funeral directing.

3 (13) *Motor vehicles sold to nonresidents.*

4 (i) From the sale, subsequent to June 30, 1958, of a motor vehicle to a bona fide
5 nonresident of this state who does not register the motor vehicle in this state, whether the sale or
6 delivery of the motor vehicle is made in this state or at the place of residence of the nonresident.
7 A motor vehicle sold to a bona fide nonresident whose state of residence does not allow a like
8 exemption to its nonresidents is not exempt from the tax imposed under § 44-18-20. In that event
9 the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate that
10 would be imposed in his or her state of residence not to exceed the rate that would have been
11 imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed motor
12 vehicle dealer shall add and collect the tax required under this subdivision and remit the tax to the
13 tax administrator under the provisions of chapters 18 and 19 of this title. When a Rhode Island
14 licensed motor vehicle dealer is required to add and collect the sales and use tax on the sale of a
15 motor vehicle to a bona fide nonresident as provided in this section, the dealer in computing the
16 tax takes into consideration the law of the state of the nonresident as it relates to the trade-in of
17 motor vehicles.

18 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may
19 require any licensed motor vehicle dealer to keep records of sales to bona fide nonresidents as the
20 tax administrator deems reasonably necessary to substantiate the exemption provided in this
21 subdivision, including the affidavit of a licensed motor vehicle dealer that the purchaser of the
22 motor vehicle was the holder of, and had in his or her possession a valid out of state motor
23 vehicle registration or a valid out of state driver's license.

24 (iii) Any nonresident who registers a motor vehicle in this state within ninety (90) days of
25 the date of its sale to him or her is deemed to have purchased the motor vehicle for use, storage,
26 or other consumption in this state, and is subject to, and liable for the use tax imposed under the
27 provisions of § 44-18-20.

28 (14) *Sales in public buildings by blind people.* From the sale and from the storage, use, or
29 other consumption in all public buildings in this state of all products or wares by any person
30 licensed under § 40-9-11.1.

31 (15) *Air and water pollution control facilities.* From the sale, storage, use, or other
32 consumption in this state of tangible personal property or supplies acquired for incorporation into
33 or used and consumed in the operation of a facility, the primary purpose of which is to aid in the
34 control of the pollution or contamination of the waters or air of the state, as defined in chapter 12

1 of title 46 and chapter 25 of title 23, respectively, and which has been certified as approved for
2 that purpose by the director of environmental management. The director of environmental
3 management may certify to a portion of the tangible personal property or supplies acquired for
4 incorporation into those facilities or used and consumed in the operation of those facilities to the
5 extent that that portion has as its primary purpose the control of the pollution or contamination of
6 the waters or air of this state. As used in this subdivision, "facility" means any land, facility,
7 device, building, machinery, or equipment.

8 (16) *Camps*. From the rental charged for living quarters, or sleeping or housekeeping
9 accommodations at camps or retreat houses operated by religious, charitable, educational, or
10 other organizations and associations mentioned in subdivision (5), or by privately owned and
11 operated summer camps for children.

12 (17) *Certain institutions*. From the rental charged for living or sleeping quarters in an
13 institution licensed by the state for the hospitalization, custodial, or nursing care of human beings.

14 (18) *Educational institutions*. From the rental charged by any educational institution for
15 living quarters, or sleeping or housekeeping accommodations or other rooms or accommodations
16 to any student or teacher necessitated by attendance at an educational institution. "Educational
17 institution" as used in this section means an institution of learning not operated for profit which is
18 empowered to confer diplomas, educational, literary, or academic degrees, which has a regular
19 faculty, curriculum, and organized body of pupils or students in attendance throughout the usual
20 school year, which keeps and furnishes to students and others records required and accepted for
21 entrance to schools of secondary, collegiate, or graduate rank, no part of the net earnings of which
22 inures to the benefit of any individual.

23 (19) *Motor vehicle and adaptive equipment for persons with disabilities*.

24 (i) From the sale of: (A) special adaptations, (B) the component parts of the special
25 adaptations, or (C) a specially adapted motor vehicle; provided, that the owner furnishes to the
26 tax administrator an affidavit of a licensed physician to the effect that the specially adapted motor
27 vehicle is necessary to transport a family member with a disability or where the vehicle has been
28 specially adapted to meet the specific needs of the person with a disability. This exemption
29 applies to not more than one motor vehicle owned and registered for personal, noncommercial
30 use.

31 (ii) For the purpose of this subsection the term "special adaptations" includes, but is not
32 limited to: wheelchair lifts; wheelchair carriers; wheelchair ramps; wheelchair securements; hand
33 controls; steering devices; extensions, relocations, and crossovers of operator controls; power-
34 assisted controls; raised tops or dropped floors; raised entry doors; or alternative signaling

1 devices to auditory signals.

2 (iii) For the purpose of this subdivision the exemption for a "specially adapted motor
3 vehicle" means a use tax credit not to exceed the amount of use tax that would otherwise be due
4 on the motor vehicle, exclusive of any adaptations. The use tax credit is equal to the cost of the
5 special adaptations, including installation.

6 (20) *Heating fuels.* From the sale and from the storage, use, or other consumption in this
7 state of every type of fuel used in the heating of homes and residential premises.

8 (21) *Electricity and gas.* From the sale and from the storage, use, or other consumption in
9 this state of electricity and gas furnished for domestic use by occupants of residential premises.

10 (22) *Manufacturing machinery and equipment.*

11 (i) From the sale and from the storage, use, or other consumption in this state of tools,
12 dies, and molds, and machinery and equipment (including replacement parts), and related items to
13 the extent used in an industrial plant in connection with the actual manufacture, conversion, or
14 processing of tangible personal property, or to the extent used in connection with the actual
15 manufacture, conversion or processing of computer software as that term is utilized in industry
16 numbers 7371, 7372, and 7373 in the standard industrial classification manual prepared by the
17 technical committee on industrial classification, office of statistical standards, executive office of
18 the president, United States bureau of the budget, as revised from time to time, to be sold, or that
19 machinery and equipment used in the furnishing of power to an industrial manufacturing plant.
20 For the purposes of this subdivision, "industrial plant" means a factory at a fixed location
21 primarily engaged in the manufacture, conversion, or processing of tangible personal property to
22 be sold in the regular course of business;

23 (ii) Machinery and equipment and related items are not deemed to be used in connection
24 with the actual manufacture, conversion, or processing of tangible personal property, or in
25 connection with the actual manufacture, conversion or processing of computer software as that
26 term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification
27 manual prepared by the technical committee on industrial classification, office of statistical
28 standards, executive office of the president, United States bureau of the budget, as revised from
29 time to time, to be sold to the extent the property is used in administration or distribution
30 operations;

31 (iii) Machinery and equipment and related items used in connection with the actual
32 manufacture, conversion, or processing of any computer software or any tangible personal
33 property which is not to be sold and which would be exempt under subdivision (7) or this
34 subdivision if purchased from a vendor or machinery and equipment and related items used

1 during any manufacturing, converting or processing function is exempt under this subdivision
2 even if that operation, function, or purpose is not an integral or essential part of a continuous
3 production flow or manufacturing process;

4 (iv) Where a portion of a group of portable or mobile machinery is used in connection
5 with the actual manufacture, conversion, or processing of computer software or tangible personal
6 property to be sold, as previously defined, that portion, if otherwise qualifying, is exempt under
7 this subdivision even though the machinery in that group is used interchangeably and not
8 otherwise identifiable as to use.

9 (23) *Trade-in value of motor vehicles.* From the sale and from the storage, use, or other
10 consumption in this state of so much of the purchase price paid for a new or used automobile as is
11 allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller or of
12 the proceeds applicable only to the motor vehicle as are received from an insurance claim as a
13 result of a stolen or damaged motor vehicle, or of the proceeds applicable only to the automobile
14 as are received from the manufacturer of automobiles for the repurchase of the automobile
15 whether the repurchase was voluntary or not towards the purchase of a new or used automobile
16 by the buyer; provided, that the proceeds from an insurance claim or repurchase is in lieu of the
17 benefit prescribed in § 44-18-21 for the total loss or destruction of the automobile; and provided,
18 further, that the tax has not been reimbursed as part of the insurance claim or repurchase. For the
19 purpose of this subdivision, the word "automobile" means a private passenger automobile not
20 used for hire and does not refer to any other type of motor vehicle.

21 (24) *Precious metal bullion.*

22 (i) From the sale and from the storage, use, or other consumption in this state of precious
23 metal bullion, substantially equivalent to a transaction in securities or commodities.

24 (ii) For purposes of this subdivision, "precious metal bullion" means any elementary
25 precious metal which has been put through a process of smelting or refining, including, but not
26 limited to, gold, silver, platinum, rhodium, and chromium, and which is in a state or condition
27 that its value depends upon its content and not upon its form.

28 (iii) The term does not include fabricated precious metal which has been processed or
29 manufactured for some one or more specific and customary industrial, professional, or artistic
30 uses.

31 (25) *Commercial vessels.* From sales made to a commercial ship, barge, or other vessel of
32 fifty (50) tons burden or over, primarily engaged in interstate or foreign commerce, and from the
33 repair, alteration, or conversion of the vessels, and from the sale of property purchased for the use
34 of the vessels including provisions, supplies, and material for the maintenance and/or repair of the

1 vessels.

2 (26) *Commercial fishing vessels.* From the sale and from the storage, use, or other
3 consumption in this state of vessels and other water craft which are in excess of five (5) net tons
4 and which are used exclusively for "commercial fishing", as defined in this subdivision, and from
5 the repair, alteration, or conversion of those vessels and other watercraft, and from the sale of
6 property purchased for the use of those vessels and other watercraft including provisions,
7 supplies, and material for the maintenance and/or repair of the vessels and other watercraft and
8 the boats nets, cables, tackle, and other fishing equipment appurtenant to or used in connection
9 with the commercial fishing of the vessels and other watercraft. "Commercial fishing" means the
10 taking or the attempting to take any fish, shellfish, crustacea, or bait species with the intent of
11 disposing of them for profit or by sale, barter, trade, or in commercial channels. The term does
12 not include subsistence fishing, i.e., the taking for personal use and not for sale or barter; or sport
13 fishing; but shall include vessels and other watercraft with a Rhode Island party and charter boat
14 license issued by the department of environmental management pursuant to § 20-2-27.1 which
15 meet the following criteria: (i) the operator must have a current U.S.C.G. license to carry
16 passengers for hire; (ii) U.S.C.G. vessel documentation in the coast wide fishery trade; (iii)
17 U.S.C.G. vessel documentation as to proof of Rhode Island home port status or a Rhode Island
18 boat registration to prove Rhode Island home port status; (iv) the vessel must be used as a
19 commercial passenger carrying fishing vessel to carry passengers for fishing. The vessel must be
20 able to demonstrate that at least fifty percent (50%) of its annual gross income derives from
21 charters or provides documentation of a minimum of one hundred (100) charter trips annually; (v)
22 the vessel must have a valid Rhode Island party and charter boat license. The tax administrator
23 shall implement the provisions of this subdivision by promulgating rules and regulations relating
24 thereto.

25 (27) *Clothing and footwear.* From the sales of articles of clothing, including footwear,
26 intended to be worn or carried on or about the human body. For the purposes of this section
27 "clothing or footwear" does not include clothing [accessories or equipment or](#) special clothing or
28 footwear primarily designed for athletic activity or protective use [as these terms are defined in](#)
29 [section 44-18-7.1\(f\)](#) ~~and which is not normally worn except when so used; and sales of wearing~~
30 ~~materials or any cloth made of natural or synthetic fibers and used for clothing purposes.~~

31 (28) *Water for residential use.* From the sale and from the storage, use, or other
32 consumption in this state of water furnished for domestic use by occupants of residential
33 premises.

34 (29) *Bibles.* [Unconstitutional; see Ahlburn v. Clark, 728 A.2d 449 (R.I. 1999); see Notes

1 to Decisions.] From the sale and from the storage, use, or other consumption in the state of any
2 canonized scriptures of any tax-exempt nonprofit religious organization including, but not limited
3 to, the Old Testament and the New Testament versions.

4 (30) *Boats.*

5 (i) From the sale of a boat or vessel to a bona fide nonresident of this state who does not
6 register the boat or vessel in this state, or document the boat or vessel with the United States
7 government at a home port within the state, whether the sale or delivery of the boat or vessel is
8 made in this state or elsewhere; provided, that the nonresident transports the boat within thirty
9 (30) days after delivery by the seller outside the state for use thereafter solely outside the state.

10 (ii) The tax administrator, in addition to the provisions of §§ 44-19-17 and 44-19-28, may
11 require the seller of the boat or vessel to keep records of the sales to bona fide nonresidents as the
12 tax administrator deems reasonably necessary to substantiate the exemption provided in this
13 subdivision, including the affidavit of the seller that the buyer represented himself or herself to be
14 a bona fide nonresident of this state and of the buyer that he or she is a nonresident of this state.

15 (31) *Youth activities equipment.* From the sale, storage, use, or other consumption in this
16 state of items for not more than twenty dollars (\$20.00) each by nonprofit Rhode Island
17 eleemosynary organizations, for the purposes of youth activities which the organization is formed
18 to sponsor and support; and by accredited elementary and secondary schools for the purposes of
19 the schools or of organized activities of the enrolled students.

20 (32) *Farm equipment.* From the sale and from the storage or use of machinery and
21 equipment used directly for commercial farming and agricultural production; including, but not
22 limited to, tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors,
23 balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment,
24 greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and
25 other farming equipment, including replacement parts, appurtenant to or used in connection with
26 commercial farming and tools and supplies used in the repair and maintenance of farming
27 equipment. "Commercial farming" means the keeping or boarding of five (5) or more horses or
28 the production within this state of agricultural products, including, but not limited to, field or
29 orchard crops, livestock, dairy, and poultry, or their products, where the keeping, boarding, or
30 production provides at least two thousand five hundred dollars (\$2,500) in annual gross sales to
31 the operator, whether an individual, a group, a partnership, or a corporation for exemptions issued
32 prior to July 1, 2002; for exemptions issued or renewed after July 1, 2002, there shall be two (2)
33 levels. Level I shall be based on proof of annual gross sales from commercial farming of at least
34 twenty-five hundred dollars (\$2,500) and shall be valid for purchases subject to the exemption

1 provided in this subdivision except for motor vehicles with an excise tax value of five thousand
2 dollars (\$5,000) or greater; Level II shall be based on proof of annual gross sales from
3 commercial farming of at least ten thousand dollars (\$10,000) or greater and shall be valid for
4 purchases subject to the exemption provided in this subdivision including motor vehicles with an
5 excise tax value of five thousand dollars (\$5,000) or greater. For the initial issuance of the
6 exemptions, proof of the requisite amount of annual gross sales from commercial farming shall be
7 required for the prior year; for any renewal of an exemption granted in accordance with this
8 subdivision at either Level I or Level II, proof of gross annual sales from commercial farming at
9 the requisite amount shall be required for each of the prior two (2) years. Certificates of
10 exemption issued or renewed after July 1, 2002, shall clearly indicate the level of the exemption
11 and be valid for four (4) years after the date of issue. This exemption applies even if the same
12 equipment is used for ancillary uses, or is temporarily used for a non-farming or a non-
13 agricultural purpose, but shall not apply to motor vehicles acquired after July 1, 2002, unless the
14 vehicle is a farm vehicle as defined pursuant to § 31-1-8 and is eligible for registration displaying
15 farm plates as provided for in § 31-3-31.

16 (33) *Compressed air*. From the sale and from the storage, use, or other consumption in
17 the state of compressed air.

18 (34) *Flags*. From the sale and from the storage, consumption, or other use in this state of
19 United States, Rhode Island or POW-MIA flags.

20 (35) *Motor vehicle and adaptive equipment to certain veterans*. From the sale of a motor
21 vehicle and adaptive equipment to and for the use of a veteran with a service-connected loss of or
22 the loss of use of a leg, foot, hand, or arm, or any veteran who is a double amputee, whether
23 service connected or not. The motor vehicle must be purchased by and especially equipped for
24 use by the qualifying veteran. Certificate of exemption or refunds of taxes paid is granted under
25 rules or regulations that the tax administrator may prescribe.

26 (36) *Textbooks*. From the sale and from the storage, use, or other consumption in this
27 state of textbooks by an "educational institution" as defined in subdivision (18) of this section and
28 as well as any educational institution within the purview of § 16-63-9(4) and used textbooks by
29 any purveyor.

30 (37) *Tangible personal property and supplies used in on-site hazardous waste recycling,*
31 *reuse, or treatment*. From the sale, storage, use, or other consumption in this state of tangible
32 personal property or supplies used or consumed in the operation of equipment, the exclusive
33 function of which is the recycling, reuse, or recovery of materials (other than precious metals, as
34 defined in subdivision (24)(ii) of this section) from the treatment of "hazardous wastes", as

1 defined in § 23-19.1-4, where the "hazardous wastes" are generated in Rhode Island solely by the
2 same taxpayer and where the personal property is located at, in, or adjacent to a generating
3 facility of the taxpayer in Rhode Island. The taxpayer shall procure an order from the director of
4 the department of environmental management certifying that the equipment and/or supplies as
5 used, or consumed, qualify for the exemption under this subdivision. If any information relating
6 to secret processes or methods of manufacture, production, or treatment is disclosed to the
7 department of environmental management only to procure an order, and is a "trade secret" as
8 defined in § 28-21-10(b), it is not open to public inspection or publicly disclosed unless
9 disclosure is required under chapter 21 of title 28 or chapter 24.4 of title 23.

10 (38) *Promotional and product literature of boat manufacturers.* From the sale and from
11 the storage, use, or other consumption of promotional and product literature of boat
12 manufacturers shipped to points outside of Rhode Island which either: (i) accompany the product
13 which is sold, (ii) are shipped in bulk to out of state dealers for use in the sale of the product, or
14 (iii) are mailed to customers at no charge.

15 (39) *Food items paid for by food stamps.* From the sale and from the storage, use, or other
16 consumption in this state of eligible food items payment for which is properly made to the retailer
17 in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of
18 1977, 7 U.S.C. § 2011 et seq.

19 (40) *Transportation charges.* From the sale or hiring of motor carriers as defined in § 39-
20 12-2(1) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed
21 with the Rhode Island public utilities commission on the number of miles driven or by the
22 number of hours spent on the job.

23 (41) *Trade-in value of boats.* From the sale and from the storage, use, or other
24 consumption in this state of so much of the purchase price paid for a new or used boat as is
25 allocated for a trade-in allowance on the boat of the buyer given in trade to the seller or of the
26 proceeds applicable only to the boat as are received from an insurance claim as a result of a stolen
27 or damaged boat, towards the purchase of a new or used boat by the buyer.

28 (42) *Equipment used for research and development.* From the sale and from the storage,
29 use, or other consumption of equipment to the extent used for research and development purposes
30 by a qualifying firm. For the purposes of this subdivision, "qualifying firm" means a business for
31 which the use of research and development equipment is an integral part of its operation, and
32 "equipment" means scientific equipment, computers, software, and related items.

33 (43) *Coins.* From the sale and from the other consumption in this state of coins having
34 numismatic or investment value.

1 (44) *Farm structure construction materials*. Lumber, hardware and other materials used
2 in the new construction of farm structures, including production facilities such as, but not limited
3 to, farrowing sheds, free stall and stanchion barns, milking parlors, silos, poultry barns, laying
4 houses, fruit and vegetable storages, rooting cellars, propagation rooms, greenhouses, packing
5 rooms, machinery storage, seasonal farm worker housing, certified farm markets, bunker and
6 trench silos, feed storage sheds, and any other structures used in connection with commercial
7 farming.

8 (45) *Telecommunications carrier access service*. Carrier access service or
9 telecommunications service when purchased by a telecommunications company from another
10 telecommunications company to facilitate the provision of telecommunications service.

11 (46) *Boats or vessels brought into the state exclusively for winter storage, maintenance,*
12 *repair or sale*. Notwithstanding the provisions of §§ 44-18-10, 44-18-11, 44-18-20, the tax
13 imposed by § 44-18-20 is not applicable for the period commencing on the first day of October in
14 any year to and including the 30th day of April next succeeding with respect to the use of any
15 boat or vessel within this state exclusively for purposes of: (i) delivery of the vessel to a facility in
16 this state for storage, including dry storage and storage in water by means of apparatus preventing
17 ice damage to the hull, maintenance, or repair; (ii) the actual process of storage, maintenance, or
18 repair of the boat or vessel; or (iii) storage for the purpose of selling the boat or vessel.

19 (47) *Jewelry display product*. From the sale and from the storage, use, or other
20 consumption in this state of tangible personal property used to display any jewelry product;
21 provided, that title to the jewelry display product is transferred by the jewelry manufacturer or
22 seller and that the jewelry display product is shipped out of state for use solely outside the state
23 and is not returned to the jewelry manufacturer or seller.

24 (48) *Boats or vessels generally*. Notwithstanding the provisions of this chapter, the tax
25 imposed by §§ 44-18-20 and 44-18-18 shall not apply with respect to the sale and to the storage,
26 use, or other consumption in this state of any new or used boat. The exemption provided for in
27 this subdivision does not apply after October 1, 1993, unless prior to October 1, 1993, the federal
28 ten percent (10%) surcharge on luxury boats is repealed.

29 (49) *Banks and Regulated investment companies interstate toll-free calls*.
30 Notwithstanding the provisions of this chapter, the tax imposed by this chapter does not apply to
31 the furnishing of interstate and international, toll-free terminating telecommunication service that
32 is used directly and exclusively by or for the benefit of an eligible company as defined in this
33 subdivision; provided, that an eligible company employs on average during the calendar year no
34 less than five hundred (500) "full-time equivalent employees", as that term is defined in § 42-

1 64.5-2. For purposes of this section, an "eligible company" means a "regulated investment
2 company" as that term is defined in the Internal Revenue Code of 1986, 26 U.S.C. § 1 et seq., or a
3 corporation to the extent the service is provided, directly or indirectly, to or on behalf of a
4 regulated investment company, an employee benefit plan, a retirement plan or a pension plan or a
5 state chartered bank.

6 (50) *Mobile and manufactured homes generally.* From the sale and from the storage, use,
7 or other consumption in this state of mobile and/or manufactured homes as defined and subject to
8 taxation pursuant to the provisions of chapter 44 of title 31.

9 (51) *Manufacturing business reconstruction materials.*

10 (i) From the sale and from the storage, use or other consumption in this state of lumber,
11 hardware, and other building materials used in the reconstruction of a manufacturing business
12 facility which suffers a disaster, as defined in this subdivision, in this state. "Disaster" means any
13 occurrence, natural or otherwise, which results in the destruction of sixty percent (60%) or more
14 of an operating manufacturing business facility within this state. "Disaster" does not include any
15 damage resulting from the willful act of the owner of the manufacturing business facility.

16 (ii) Manufacturing business facility includes, but is not limited to, the structures housing
17 the production and administrative facilities.

18 (iii) In the event a manufacturer has more than one manufacturing site in this state, the
19 sixty percent (60%) provision applies to the damages suffered at that one site.

20 (iv) To the extent that the costs of the reconstruction materials are reimbursed by
21 insurance, this exemption does not apply.

22 (52) *Tangible personal property and supplies used in the processing or preparation of*
23 *floral products and floral arrangements.* From the sale, storage, use, or other consumption in this
24 state of tangible personal property or supplies purchased by florists, garden centers, or other like
25 producers or vendors of flowers, plants, floral products, and natural and artificial floral
26 arrangements which are ultimately sold with flowers, plants, floral products, and natural and
27 artificial floral arrangements or are otherwise used in the decoration, fabrication, creation,
28 processing, or preparation of flowers, plants, floral products, or natural and artificial floral
29 arrangements, including descriptive labels, stickers, and cards affixed to the flower, plant, floral
30 product or arrangement, artificial flowers, spray materials, floral paint and tint, plant shine, flower
31 food, insecticide and fertilizers.

32 (53) *Horse food products.* From the sale and from the storage, use, or other consumption
33 in this state of horse food products purchased by a person engaged in the business of the boarding
34 of horses.

1 (54) *Non-motorized recreational vehicles sold to nonresidents.*

2 (i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to
3 a bona fide nonresident of this state who does not register the non-motorized recreational vehicle
4 in this state, whether the sale or delivery of the non-motorized recreational vehicle is made in this
5 state or at the place of residence of the nonresident; provided, that a non-motorized recreational
6 vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption
7 to its nonresidents is not exempt from the tax imposed under § 44-18-20; provided, further, that in
8 that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the
9 rate that would be imposed in his or her state of residence not to exceed the rate that would have
10 been imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed non-
11 motorized recreational vehicle dealer shall add and collect the tax required under this subdivision
12 and remit the tax to the tax administrator under the provisions of chapters 18 and 19 of this title.
13 Provided, that when a Rhode Island licensed non-motorized recreational vehicle dealer is required
14 to add and collect the sales and use tax on the sale of a non-motorized recreational vehicle to a
15 bona fide nonresident as provided in this section, the dealer in computing the tax takes into
16 consideration the law of the state of the nonresident as it relates to the trade-in of motor vehicles.

17 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may
18 require any licensed non-motorized recreational vehicle dealer to keep records of sales to bona
19 fide nonresidents as the tax administrator deems reasonably necessary to substantiate the
20 exemption provided in this subdivision, including the affidavit of a licensed non-motorized
21 recreational vehicle dealer that the purchaser of the non-motorized recreational vehicle was the
22 holder of, and had in his or her possession a valid out-of-state non-motorized recreational vehicle
23 registration or a valid out-of-state driver's license.

24 (iii) Any nonresident who registers a non-motorized recreational vehicle in this state
25 within ninety (90) days of the date of its sale to him or her is deemed to have purchased the non-
26 motorized recreational vehicle for use, storage, or other consumption in this state, and is subject
27 to, and liable for the use tax imposed under the provisions of § 44-18-20.

28 (iv) "Non-motorized recreational vehicle" means any portable dwelling designed and
29 constructed to be used as a temporary dwelling for travel, camping, recreational, and vacation use
30 which is eligible to be registered for highway use, including, but not limited to, "pick-up coaches"
31 or "pick-up campers," "travel trailers," and "tent trailers" as those terms are defined in chapter 1
32 of title 31.

33 (55) *Sprinkler and fire alarm systems in existing buildings.* From the sale in this state of
34 sprinkler and fire alarm systems, emergency lighting and alarm systems, and from the sale of the

1 materials necessary and attendant to the installation of those systems, that are required in
2 buildings and occupancies existing therein in July 2003, in order to comply with any additional
3 requirements for such buildings arising directly from the enactment of the Comprehensive Fire
4 Safety Act of 2003, and that are not required by any other provision of law or ordinance or
5 regulation adopted pursuant to that Act. The exemption provided in this subdivision shall expire
6 on December 31, 2008.

7 (56) *Aircraft*. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-
8 18-18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other
9 consumption in this state of any new or used aircraft or aircraft parts.

10 (57) *Renewable energy products*. Notwithstanding any other provisions of Rhode Island
11 general laws the following products shall also be exempt from sales tax: solar photovoltaic
12 modules or panels, or any module or panel that generates electricity from light; solar thermal
13 collectors, including, but not limited to, those manufactured with flat glass plates, extruded
14 plastic, sheet metal, and/or evacuated tubes; geothermal heat pumps, including both water-to-
15 water and water-to-air type pumps; wind turbines; towers used to mount wind turbines if
16 specified by or sold by a wind turbine manufacturer; DC to AC inverters that interconnect with
17 utility power lines; manufactured mounting racks and ballast pans for solar collector, module or
18 panel installation. Not to include materials that could be fabricated into such racks; monitoring
19 and control equipment, if specified or supplied by a manufacturer of solar thermal, solar
20 photovoltaic, geothermal, or wind energy systems or if required by law or regulation for such
21 systems but not to include pumps, fans or plumbing or electrical fixtures unless shipped from the
22 manufacturer affixed to, or an integral part of, another item specified on this list; and solar storage
23 tanks that are part of a solar domestic hot water system or a solar space heating system. If the tank
24 comes with an external heat exchanger it shall also be tax exempt, but a standard hot water tank is
25 not exempt from state sales tax.

26 (58) Returned property. The amount charged for property returned by customers upon
27 rescission of the contract of sale when the entire amount exclusive of handling charges paid for
28 the property is refunded in either cash or credit, and where the property is returned within one
29 hundred twenty (120) days from the date of delivery.

30 (59) Dietary Supplements. From the sale and from the storage, use or other consumption
31 of dietary supplements as defined in 44-18-7.1(l)(v), sold on prescriptions.

32 SECTION 10. Chapter 44-18 of the General Laws entitled “Sales and Use Taxes –
33 Liability and Computation” is thereby amended by adding thereto the following sections:

34 **44-18-7.1. Additional Definitions. – (a) “Agreement” means the Streamlined Sales and**

1 Use Tax Agreement.

2 (b) “Alcoholic Beverages” means beverages that are suitable for human consumption and
3 contain one-half of one percent or more of alcohol by volume.

4 (c) “Bundled Transaction” is the retail sale of two or more products, except real property
5 and services to real property, where (1) the products are otherwise distinct and identifiable, and
6 (2) the products are sold for one non-itemized price. A “bundled transaction” does not include
7 the sale of any products in which the “sales price” varies, or is negotiable, based on the selection
8 by the purchaser of the products included in the transaction.

9 (i) “Distinct and identifiable products” does not include:

10 (A) Packaging – such as containers, boxes, sacks, bags, and bottles – or other materials –
11 such as wrapping, labels, tags, and instruction guides – that accompany the “retail sale” of the
12 products and are incidental or immaterial to the “retail sale” thereof. Examples of packaging that
13 are incidental or immaterial include grocery sacks, shoeboxes, dry cleaning garment bags and
14 express delivery envelopes and boxes.

15 (B) A product provided free of charge with the required purchase of another product. A
16 product is “provided free of charge” if the “sales price” of the product purchased does not vary
17 depending on the inclusion of the products “provided free of charge.”

18 (C) Items included in the member state’s definition of “sales price,” pursuant to
19 Appendix C of the Agreement.

20 (ii) The term “one non-itemized price” does not include a price that is separately
21 identified by product on binding sales or other supporting sales-related documentation made
22 available to the customer in paper or electronic form including, but not limited to an invoice, bill
23 of sale, receipt, contract, service agreement, lease agreement, periodic notice of rates and
24 services, rate card, or price list.

25 (iii) A transaction that otherwise meets the definition of a “bundled transaction” as
26 defined above, is not a “bundled transaction” if it is:

27 (A) The “retail sale” of tangible personal property and a service where the tangible
28 personal property is essential to the use of the service, and is provided exclusively in connection
29 with the service, and the true object of the transaction is the service; or

30 (B) The “retail sale” of services where one service is provided that is essential to the use
31 or receipt of a second service and the first service is provided exclusively in connection with the
32 second service and the true object of the transaction is the second service; or

33 (C) A transaction that includes taxable products and nontaxable products and the
34 “purchase Price” or “sales price” of the taxable products is de minimis.

1 1. De minimis means the seller’s “purchase price” or “sales price” of the taxable products
2 is ten percent (10%) or less of the total “purchase price” or “sales price” of the bundled products.

3 2. Sellers shall use either the “purchase price” or the “sales price” of the products to
4 determine if the taxable products are de minimis. Sellers may not use a combination of the
5 “purchase price” and “sales price” of the products to determine if the taxable products are de
6 minimis.

7 3. Sellers shall use the full term of a service contract to determine if the taxable products
8 are de minimis; or

9 (D) The “retail sale” of exempt tangible personal property and taxable tangible personal
10 property where:

11 1. the transaction includes “food and food ingredients”, “drugs”, “durable medical
12 equipment”, “mobility enhancing equipment”, “over-the-counter drugs”, “prosthetic devices” (all
13 as defined in Section 44-18-7.1) or medical supplies; and

14 2. where the seller’s “purchase price” or “sales price” of the taxable tangible personal
15 property is fifty percent (50%) or less of the total “purchase price” or “sales price” of the bundled
16 tangible personal property. Sellers may not use a combination of the “purchase price” and “sales
17 price” of the tangible personal property when making the fifty percent (50%) determination for a
18 transaction.

19 (d)“Certified Automated System (CAS)” means software certified under the Agreement
20 to calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to
21 remit to the appropriate state, and maintain a record of the transaction.

22 (e) “Certified Service Provider (CSP)” means an agent certified under the Agreement to
23 perform all the seller’s sales and use tax functions, other than the seller’s obligation to remit tax
24 on its own purchases.

25 (f) Clothing and Related Items

26 (i) “Clothing” means all human wearing apparel suitable for general use.

27 (ii) “Clothing accessories or equipment” means incidental items worn on the person or in
28 conjunction with “clothing.” “Clothing accessories or equipment” does not include “clothing,”
29 “sport or recreational equipment,” or “protective equipment.”

30 (iii) “Protective equipment” means items for human wear and designed as protection of
31 the wearer against injury or disease or as protections against damage or injury of other persons or
32 property but not suitable for general use. “Protective equipment” does not include “clothing,”
33 “clothing accessories or equipment,” and “sport or recreational equipment.”

34 (iv) “Sport or recreational equipment” means items designed for human use and worn in

1 conjunction with an athletic or recreational activity that are not suitable for general use. “Sport or
2 recreational equipment” does not include “clothing,” “clothing accessories or equipment,” and
3 “protective equipment.”

4 (g) Computer and Related Items

5 (i) “Computer” means an electronic device that accepts information in digital or similar
6 form and manipulates it for a result based on a sequence of instructions.

7 (ii) “Computer software” means a set of coded instructions designed to cause a
8 “computer” or automatic data processing equipment to perform a task.

9 (iii) “Delivered electronically” means delivered to the purchaser by means other than
10 tangible storage media.

11 (iv) “Electronic” means relating to technology having electrical, digital, magnetic,
12 wireless, optical, electromagnetic, or similar capabilities.

13 (v) “Load and leave” means delivery to the purchaser by use of a tangible storage media
14 where the tangible storage media is not physically transferred to the purchaser.

15 (vi) “Prewritten computer software” means “computer software,” including prewritten
16 upgrades, which is not designed and developed by the author or other creator to the specifications
17 of a specific purchaser. The combining of two or more “prewritten computer software” programs
18 or prewritten portions thereof does not cause the combination to be other than “prewritten
19 computer software.” “Prewritten computer software” includes software designed and developed
20 by the author or other creator to the specifications of a specific purchaser when it is sold to a
21 person other than the specific purchaser. Where a person modifies or enhances “computer
22 software” of which the person is not the author or creator, the person shall be deemed to be the
23 author or creator only of such person’s modifications or enhancements. “Prewritten computer
24 software” or a prewritten portion thereof that is modified or enhanced to any degree, where such
25 modification or enhancement is designed and developed to the specifications of a specific
26 purchaser, remains “prewritten computer software;” provided, however, that where there is a
27 reasonable, separately stated charge or an invoice or other statement of the price given to the
28 purchaser for such modification or enhancement, such modification or enhancement shall not
29 constitute “prewritten computer software.”

30 (h) Drugs and Related Items

31 (i) “Drug” means a compound, substance or preparation, and any component of a
32 compound, substance or preparation, other than “food and food ingredients,” “dietary
33 supplements” or “alcoholic beverages;”

34 (A) Recognized in the official United States Pharmacopoeia, official Homeopathic

1 Pharmacopoeia of the United States, or official National Formulary, and supplement to any of
2 them; or

3 (B) Intended for use in the diagnosis, cure, mitigation, treatment, or prevention of
4 disease; or

5 (C) Intended to affect the structure of any function of the body.

6 “Drug” shall also include blood, insulin and medical oxygen whether or not sold on
7 prescription.

8 (ii) “Over-the-counter-drug” means a drug that contains a label that identifies the product
9 as a drug as required by 21 C.F.R. § 201.66. The “over-the-counter-drug” label includes:

10 (A) A “Drug Facts” panel; or

11 (B) A statement of the “active ingredient(s)” with a list of those ingredients contained in
12 the compound, substance or preparation.

13 “Over-the-counter-drug” shall not include “grooming and hygiene products.”

14 (iii) “Grooming and hygiene products” are soaps and cleaning solutions, shampoo,
15 toothpaste, mouthwash, antiperspirants, and suntan lotions and screens, regardless of whether the
16 items meet the definition of “over-the-counter-drugs.”

17 (iv) “Prescription” means an order, formula or recipe issued in any form of oral, written,
18 electronic, or other means of transmission by a duly licensed practitioner authorized by the laws
19 of the member state.

20 (i) “Delivery charges” means charges by the seller of personal property or services for
21 preparation and delivery to a location designated by the purchaser of personal property or services
22 including, but not limited to, transportation, shipping, postage, handling, crating, and packing.

23 “Delivery charges” shall not include the charges for delivery of “direct mail” if the
24 charges are separately stated on an invoice or similar billing document given to the purchaser.

25 (j) “Direct mail” means printed material delivered or distributed by United States mail or
26 other delivery service to a mass audience or to addressees on a mailing list provided by the
27 purchaser or at the direction of the purchaser when the cost of the items are not billed directly to
28 the recipients. “Direct mail” includes tangible personal property supplied directly or indirectly by
29 the purchaser to the direct mail seller for inclusion in the package containing the printed material.
30 “Direct mail” does not include multiple items of printed material delivered to a single address.

31 (k) “Durable medical equipment” means equipment including repair and replacement
32 parts for same which:

33 (i) Can withstand repeated use; and

34 (ii) Is primarily and customarily used to serve a medical purpose; and

1 (iii) Generally is not useful to a person in the absence of illness or injury; and

2 (iv) Is not worn in or on the body.

3 Durable medical equipment does not include mobility enhancing equipment.

4 (l) Food and Related Items

5 (i) “Food and food ingredients” means substances, whether in liquid, concentrated, solid,
6 frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are
7 consumed for their taste or nutritional value. “Food and food ingredients” does not include
8 “alcoholic beverages,” “tobacco,” “candy,” “dietary supplements” and “soft drinks.”

9 (ii) “Prepared food” means:

10 (A) Food sold in a heated state or heated by the seller;

11 (B) Two or more food ingredients mixed or combined by the seller for sale as a single
12 item; or

13 (C) Food sold with eating utensils provided by the seller, including plates, knives, forks,
14 spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used
15 to transport the food.

16 “Prepared food” in B does not include food that is only cut, repackaged, or pasteurized by
17 the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring
18 cooking by the consumer as recommended by the Food and Drug Administration in chapter 3,
19 part 401.11 of its Food Code so as to prevent food borne illnesses.

20 (iii) “Candy” means a preparation of sugar, honey, or other natural or artificial
21 sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the
22 form of bars, drops, or pieces. “Candy” shall not include any preparation containing flour and
23 shall require no refrigeration.

24 (iv) “Soft drinks” means non-alcoholic beverages that contain natural or artificial
25 sweeteners. “Soft drinks” do not include beverages that contain milk or milk products, soy, rice
26 or similar milk substitutes, or greater than fifty percent of vegetable or fruit juice by volume.

27 (v) “Dietary supplement” means any product, other than “tobacco,” intended to
28 supplement the diet that:

29 (A) Contains one or more of the following dietary ingredients:

30 1. A vitamin;

31 2. A mineral;

32 3. An herb or other botanical;

33 4. An amino acid;

34 5. A dietary substance for use by humans to supplement the diet by increasing the total

1 dietary intake; or

2 6. A concentrate, metabolite, constituent, extract, or combination of any ingredient
3 described in above; and

4 (B) Is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or
5 if not intended for ingestion in such a form, is not represented as conventional food and is not
6 represented for use as a sole item of a meal or of the diet; and

7 (C) Is required to be labeled as a dietary supplement, identifiable by the “Supplemental
8 Facts” box found on the label and as required pursuant to 21 C.F.R. § 101.36.

9 (m) “Food sold through vending machines” means food dispensed from a machine or
10 other mechanical device that accepts payment.

11 (n) “Hotel” means every building or other structure kept, used, maintained, advertised as
12 or held out to the public to be a place where living quarters are supplied for pay to transient or
13 permanent guests and tenants and includes a motel.

14 (i) “Living quarters” means sleeping rooms, sleeping or housekeeping accommodations,
15 or any other room or accommodation in any part of the hotel, rooming house or tourist camp
16 which is available for or rented out for hire in the lodging of guests.

17 (ii) “Rooming house” means every house, boat, vehicle, motor court or other structure
18 kept, used, maintained, advertised or held out to the public to be a place where living quarters are
19 supplied for pay to transient or permanent guests or tenants, whether in one or adjoining
20 buildings.

21 (iii) “Tourist camp” means a place where tents or tent houses, or camp cottages, or cabins
22 or other structures are located and offered to the public or any segment thereof for human
23 habitation.

24 (o) “Lease or rental” means any transfer of possession or control of tangible personal
25 property for a fixed or indeterminate term for consideration. A lease or rental may include future
26 options to purchase or extend. Lease or rental does not include:

27 (i) A transfer of possession or control of property under a security agreement or deferred
28 payment plan that requires the transfer of title upon completion of the required payments;

29 (ii) A transfer or possession or control of property under an agreement that requires the
30 transfer of title upon completion of required payments and payment of an option price does not
31 exceed the greater of one hundred dollars or one percent of the total required payments; or

32 (iii) Providing tangible personal property along with an operator for a fixed or
33 indeterminate period of time. A condition of this exclusion is that the operator is necessary for
34 the equipment to perform as designed. For the purpose of this subsection, an operator must do

1 more than maintain, inspect, or set-up the tangible personal property.

2 (iv) Lease or rental does include agreements covering motor vehicles and trailers where
3 the amount of consideration may be increased or decreased by reference to the amount realized
4 upon sale or disposition of the property as defined in 26 USC 7701(h)(1).

5 (v) This definition shall be used for sales and use tax purposes regardless if a transaction
6 is characterized as a lease or rental under generally accepted accounting principles, the Internal
7 Revenue Code, the Uniform Commercial Code, or other provisions of federal, state or local law.

8 (vi) This definition will be applied only prospectively from the date of adoption and will
9 have no retroactive impact on existing leases or rentals. This definition shall neither impact any
10 existing sale -leaseback exemption or exclusions that a state may have, nor preclude a state from
11 adopting a sale -leaseback exemption or exclusion after the effective date of the Agreement.

12 (p) “Mobility enhancing equipment” means equipment including repair and replacement
13 parts to same, which:

14 (i) Is primarily and customarily used to provide or increase the ability to move from one
15 place to another and which is appropriate for use either in a home or a motor vehicle; and

16 (ii) Is not generally used by persons with normal mobility; and

17 (iii) Does not include any motor vehicle or equipment on a motor vehicle normally
18 provided by a motor vehicle manufacturer.

19 Mobility enhancing equipment does not include durable medical equipment.

20 (q) “Model 1 Seller” means a seller that has selected a CSP as its agent to perform all the
21 seller’s sales and use tax functions, other than the seller’s obligation to remit tax on its own
22 purchases.

23 (r) “Model 2 Seller” means a seller that has selected a CAS to perform part of its sales
24 and use tax functions, but retains responsibility for remitting the tax.

25 (s) “Model 3 Seller” means a seller that has sales in at least five member states, has total
26 annual sales revenue of at least five hundred million dollars, has a proprietary system that
27 calculates the amount of tax due each jurisdiction, and has entered into a performance agreement
28 with the member states that establishes a tax performance standard for the seller. As used in this
29 definition, a seller includes an affiliated group of sellers using the same proprietary system.

30 (t) “Prosthetic device” means a replacement, corrective, or supportive devices including
31 repair and replacement parts for same worn on or in the body to:

32 (i) Artificially replace a missing portion of the body;

33 (ii) Prevent or correct physical deformity or malfunction; or

34 (iii) Support a weak or deformed portion of the body.

1 (u) “Purchaser” means a person to whom a sale of personal property is made or to whom
2 a service is furnished.

3 (v) “Purchase price” applies to the measure subject to use tax and has the same meaning
4 as sales price.

5 (w) “Seller” means a person making sales, leases, or rentals of personal property or
6 services.

7 (x) “State” means any state of the United States and the District of Columbia.

8 (y) “Telecommunications” tax base/exemption terms

9 (i) Telecommunication terms shall be defined as follows:

10 (A) “Ancillary services” means services that are associated with or incidental to the
11 provision of “telecommunications services”, including but not limited to “detailed
12 telecommunications billing”, “directory assistance”, “vertical service”, and “voice mail services”.

13 (B) “Conference bridging service” means an “ancillary service” that links two or more
14 participants of an audio or video conference call and may include the provision of a telephone
15 number. “Conference bridging service” does not include the “telecommunications services” used
16 to reach the conference bridge.

17 (C) “Detailed telecommunications billing service” means an “ancillary service” of
18 separately stating information pertaining to individual calls on a customer’s billing statement.

19 (D) “Directory assistance” means an “ancillary service” of providing telephone number
20 information, and/or address information.

21 (E) “Vertical service” means an “ancillary service” that is offered in connection with one
22 or more “telecommunications services”, which offers advanced calling features that allow
23 customers to identify callers and to manage multiple calls and call connections, including
24 “conference bridging services”.

25 (F) “Voice mail service” means an “ancillary service” that enables the customer to store,
26 send or receive recorded messages. “Voice mail service” does not include any “vertical services”
27 that the customer may be required to have in order to utilize the “voice mail service”.

28 (G) “Telecommunications service” means the electronic transmission, conveyance, or
29 routing of voice, data, audio, video, or any other information or signals to a point, or between or
30 among points. The term “telecommunications service” includes such transmission, conveyance,
31 or routing in which computer processing applications are used to act on the form, code or
32 protocol of the content for purposes of transmission, conveyance or routing without regard to
33 whether such service is referred to as voice over Internet protocol services or is classified by the
34 Federal Communications Commission as enhanced or value added. “Telecommunications

1 service” does not include:

2 (1) Data processing and information services that allow data to be generated, acquired,
3 stored, processed, or retrieved and delivered by an electronic transmission to a purchaser where
4 such purchaser’s primary purpose for the underlying transaction is the processed data or
5 information;

6 (2) Installation or maintenance of wiring or equipment on a customer’s premises;

7 (3) Tangible personal property;

8 (4) Advertising, including but not limited to directory advertising.

9 (5) Billing and collection services provided to third parties;

10 (6) Internet access service;

11 (7) Radio and television audio and video programming services, regardless of the
12 medium, including the furnishing of transmission, conveyance and routing of such services by the
13 programming service provider. Radio and television audio and video programming services
14 shall include but not be limited to cable service as defined in 47 USC 522(6) and audio and video
15 programming services delivered by commercial mobile radio service providers, as defined in 47
16 CFR 20.3;

17 (8) “Ancillary services”; or

18 (9) Digital products “delivered electronically”, including but not limited to software,
19 music, video, reading materials or ring tones.

20 (H) “800 service” means a “telecommunications service” that allows a caller to dial a
21 toll-free number without incurring a charge for the call. The service is typically marketed under
22 the name “800”, “855”, “866”, “877”, and “888” toll-free calling, and any subsequent numbers
23 designated by the Federal Communications Commission.

24 (I) “900 service” means an inbound toll “telecommunications service” purchased by a
25 subscriber that allows the subscriber’s customers to call in to the subscriber’s prerecorded
26 announcement or live service. “900 service” does not include the charge for: collection services
27 provided by the seller of the “telecommunications services” to the subscriber, or service or
28 product sold by the subscriber to the subscriber’s customer. The service is typically marketed
29 under the name “900” service, and any subsequent numbers designated by the Federal
30 Communications Commission.

31 (J) “Fixed wireless service” means a “telecommunications service” that provides radio
32 communication between fixed points.

33 (K) “Mobile wireless service” means a “telecommunications service” that is transmitted,
34 conveyed or routed regardless of the technology used, whereby the origination and/or termination

1 points of the transmission, conveyance or routing are not fixed, including, by way of example
2 only, “telecommunications services” that are provided by a commercial mobile radio service
3 provider.

4 (L) “Paging service” means a “telecommunications service” that provides transmission of
5 coded radio signals for the purpose of activating specific pagers; such transmissions may include
6 messages and/or sounds.

7 (M) “Prepaid calling service” means the right to access exclusively “telecommunications
8 services”, which must be paid for in advance and which enables the origination of calls using an
9 access number of authorization code, whether manually or electronically dialed, and that is sold
10 in predetermined units or dollars of which the number declines with use in a known amount.

11 (N) “Prepaid wireless calling service” means a “telecommunications service” that
12 provides the right to utilize “mobile wireless service” as well as other non-telecommunications
13 services including the download of digital products “delivered electronically”, content and
14 “ancillary services”, which must be paid for in advance that is sold in predetermined units of
15 dollars of which the number declines with use in a known amount.

16 (O) “Private communications service” means a telecommunications service” that entitles
17 the customer to exclusive or priority use of a communications channel or group of channels
18 between or among termination points, regardless of the manner in which such channel or
19 channels are connected, and includes switching capacity, extension lines, stations, and any other
20 associated services that are provided in connection with the use of such channel or channels.

21 (P) “Value-added non-voice data service” means a service that otherwise meets the
22 definition of “telecommunications services” in which computer processing applications are used
23 to act on the form, content, code, or protocol of the information or data primarily for a purpose
24 other than transmission, conveyance or routing.

25 (ii) “Modifiers of Sales Tax Base/Exemption Terms” – the following terms can be used to
26 further delineate the type of “telecommunications service” to be taxed or exempted. The terms
27 would be used with the broader terms and subcategories delineated above.

28 (A) “Coin-operated telephone service” means a “telecommunications service” paid for by
29 inserting money into a telephone accepting direct deposits of money to operate.

30 (B) “International” means a “telecommunications service” that originates or terminates in
31 the United States and terminates or originates outside the United States, respectively. United
32 States includes the District of Columbia or a U.S. territory or possession.

33 (C) “Interstate” means a “telecommunications service” that originates in one United
34 States state, or a United States territory or possession, and terminates in a different United States

1 state or a United States territory or possession.

2 (D) “Intrastate” means a “telecommunications service” that originates in one United
3 States state or a United States territory or possession, and terminates in the same United States
4 state or a United States territory or possession.

5 (E) “Pay telephone service” means a “telecommunications service” provided through any
6 pay telephone.

7 (F) “Residential telecommunications service” means a “telecommunications service” or
8 “ancillary services” provided to an individual for personal use at a residential address, including
9 an individual dwelling unit such as an apartment. In the case of institutions where individuals
10 reside, such as schools or nursing homes, “telecommunications service” is considered residential
11 if it is provided to and paid for by an individual resident rather than the institution.

12 The terms “ancillary services” and “telecommunications service” are defined as a broad
13 range of services. The terms “ancillary services” and “telecommunications service” are broader
14 than the sum of the subcategories. Definitions of subcategories of “ancillary services” and
15 “telecommunications service” can be used by a member state alone or in combination with other
16 subcategories to define a narrower tax base than the definitions of “ancillary services” and
17 “telecommunications service” would imply. The subcategories can also be used by a member
18 state to provide exemptions for certain subcategories of the more broadly defined terms.

19 A member state that specifically imposes tax on, or exempts from tax, local telephone or
20 local telecommunications service may define “local service” in any manner in accordance with
21 Section 44-18.1-28, except as limited by other sections of this Agreement.

22 (z) “Tobacco” means cigarettes, cigars, chewing or pipe tobacco, or any other item that
23 contains tobacco.

24 **44-18-7.2. Sales Tax Holiday Definitions.**- The definitions in this part are only
25 applicable for the purpose of administration of a sales tax holiday, as defined in Section 44-18.1-
26 23.

27 (a) “Eligible property” means an item of a type, such as clothing, that qualifies for a sales
28 tax holiday exemption in a member state.

29 (b) “Layaway sale” means a transaction in which property is set aside for future delivery
30 to a customer who makes a deposit, agrees to pay the balance of the purchase price over a period
31 of time, and, at the end of the payment period, receives the property. An order is accepted for
32 layaway by the seller, when the seller removes the property from normal inventory or clearly
33 identifies the property as sold to the purchaser.

34 (c) “Rain check” means the seller allows a customer to purchase an item at a certain price

1 at a later time because the particular item was out of stock.

2 (d) “School supply” is an item commonly used by a student in a course of study. The
3 term is mutually exclusive of the terms “school art supply,” “school instructional material,” and
4 “school computer supply,” and may be taxed differently. The following is an all-inclusive list:

5 (i) binders;

6 (ii) book bags;

7 (iii) calculators;

8 (iv) cellophane tape;

9 (v) blackboard chalk;

10 (vi) compasses;

11 (vii) composition books;

12 (viii) crayons;

13 (ix) erasers;

14 (x) folders; expandable, pocket, plastic and manila;

15 (xi) glue, paste and paste sticks;

16 (xii) highlighters;

17 (xiii) index cards;

18 (xiv) index card boxes;

19 (xv) legal pads;

20 (xvi) lunch boxes;

21 (xvii) markers;

22 (xviii) notebooks;

23 (xix) paper; loose leaf ruled notebook paper, copy paper, graph paper, tracing paper,

24 manila paper, colored paper, poster board and construction paper;

25 (xx) pencil boxes and other school supply boxes;

26 (xxi) pencil sharpeners;

27 (xxii) pencils;

28 (xxiii) pens;

29 (xxiv) protractors;

30 (xxv) rulers;

31 (xxvi) scissors; and

32 (xxvii) writing tablets.

33 (e) “School art supply” is an item commonly used by a student in a course of study for
34 artwork. The term is mutually exclusive of the terms “school supply,” “school instructional

1 material,” and “school computer supply,” and may be taxed differently. The following is an all-
2 inclusive list:

3 (i) clay and glazes;

4 (ii) paints; acrylic, tempora and oil;

5 (iii) paintbrushes for artwork;

6 (iv) sketch and drawing pads; and

7 (v) watercolors

8 (f) “School instructional material” is written material commonly used by a student in a
9 course of study as a reference and to learn the subject being taught. The term is mutually
10 exclusive of the terms “school supply,” “school art supply,” and “school computer supply,” and
11 may be taxed differently. The following is an all-inclusive list:

12 (i) reference books;

13 (ii) reference maps and globes;

14 (iii) textbooks; and

15 (iv) workbooks.

16 (g) “School computer supply” is an item commonly used by a student in a course of study
17 in which a computer is used. The term is mutually exclusive of the terms “school supply,”
18 “school art supply,” and “school instructional material,” and may be taxed differently. The
19 following is an all-inclusive list:

20 (i) computer storage media; diskettes, compact disks;

21 (ii) handheld electronic schedulers, except devices that are cellular phones;

22 (iii) personal digital assistants, except devices that are cellular phones;

23 (iv) computer printers; and

24 (v) printer supplies for computers; printer paper, printer ink.

25 **44-18-12.1. “Additional measure subject to tax.”**— Also included in the measure
26 subject to tax under this chapter is the total amount charged for the furnishing or distributing of
27 electricity, natural gas, artificial gas, steam, refrigeration, water, telecommunications, telegraph,
28 cable, and radio message service, community antenna television, subscription television, and
29 cable television service; provided, that the measure of tax in regard to telecommunications service
30 is the total consideration received for the service as defined in 44-18-7(9); provided, that in order
31 to prevent multistate taxation of all telecommunications service, any taxpayer is allowed a credit
32 or refund of sales tax upon presenting proof that a tax has been paid to another state to which the
33 tax is properly due for the identical service taxed under this chapter. Furthermore, included in the
34 measure of tax is the total amount charged for the rental of living quarters in any hotel, rooming

1 house, or tourist camp.

2 **44-18-19.1. Direct Pay Permit.** -- (a) A business that regularly purchases goods and
3 services for use both within and outside this state may, at its option, apply to the tax administrator
4 for a Direct Pay Permit. The holder of a Direct Pay Permit shall be authorized to make payment
5 of sales and use tax on purchases of goods and services directly to the Division of Taxation in lieu
6 of payment to the seller. Said Permit shall be valid for a twenty-four (24) month period subject to
7 renewal.

8 (b) The issuance of a Direct Pay Permit is subject to the discretion of the Tax
9 Administrator. Prior to issuance of said Permit the Tax Administrator must be satisfied that such
10 an action shall not jeopardize the collection of tax.

11 (c) The Tax Administrator shall publish regulations regarding the conditions upon which
12 a Direct Pay Permit shall issue.\

13 SECTION 11. Section 44-19-10 of the general laws in chapter 44-19 entitled “Sales and
14 Use Taxes – Enforcement and Collection” is hereby amended to read as follows:

15 **44-19-10. Monthly returns and payments -- Monthly reports by show promoters.—**

16 Except as provided in the Streamlined Sales and Use Tax Agreement contained in Chapter 44-
17 18.1 ~~(a)(1)~~ The ~~the~~ taxes imposed by chapter 18 of this title are due and payable to the tax
18 administrator monthly on or before the twentieth day of the month next succeeding the month for
19 which return is required to be made. On or before the twentieth (20th) day of each month, a
20 return for the previous month shall be filed with the tax administrator in a form that the tax
21 administrator may prescribe. For purposes of the sales tax a return shall be filed by every person
22 engaged in the business of making retail sales, the gross receipts from which are required to be
23 included in the measure of the sales tax. The tax administrator may require the filing of a return
24 by any person holding a permit as provided in § 44-19-2 or 44-19-3. For purposes of the use tax
25 a return shall be filed by every retailer maintaining a place of business in the state and by every
26 person purchasing tangible personal property, the storage, use, or other consumption of which is
27 subject to the use tax, who has not paid the use tax due to a retailer required to collect the tax.

28 ~~(2)~~ The return shall be in a form, include information, and bear any signatures that the tax
29 administrator may require. At the time of the filing of any return required under this chapter the
30 taxpayer shall pay to the tax administrator the tax due for the month covered by that return. For
31 the purposes of the sales tax, gross receipts from rentals or leases of tangible personal property
32 are reported and the tax paid in the manner required by the tax administrator. The tax
33 administrator for good cause may extend, for not to exceed one (1) month, the time for making
34 any return or paying any amount required to be paid under this chapter. Any person to whom an

1 extension is granted, shall pay, in addition to the tax, interest at the annual rate prescribed by §
2 44-1-7, as amended, or fraction of it, from the date on which the tax would have been due without
3 the extension until the date of payment.

4 ~~(3)~~ Where a taxpayer's sales and use tax liability for six (6) consecutive months has
5 averaged less than two hundred dollars (\$200) per month, a quarterly return and remittances in
6 lieu of a monthly return may be made on or before the last day of July, October, January and
7 April of each year for the preceding three (3) months' period when specially authorized in writing
8 by the tax administrator under those rules and regulations as may be prescribed by the
9 administrator. In the event that a taxpayer filing his or her return on a quarterly basis, as provided
10 in this section, becomes delinquent in either the filing of his or her return or the payment of the
11 taxes due, or in the event that the liability of a taxpayer, who has been authorized to file his or her
12 return and to make payments on a quarterly basis, exceeds six hundred dollars (\$600) in sales and
13 use taxes for any subsequent quarter, or in the event that the tax administrator determines that any
14 quarterly filing of return and payment of tax due thereon would unduly jeopardize the proper
15 administration of the provisions of this chapter or of chapter 18 of this title, the tax administrator
16 may, at any time, revoke the authorization, in which case the taxpayer will then be required to file
17 his or her return and to pay the tax due in the manner provided for in this section.

18 (b) Every promoter shall file a report monthly, within twenty (20) days after the end of
19 the prior month, for each show which the promoter operates, listing the date and place of each
20 show and the name, address and permit number, by show, of every person whom the promoter
21 permitted to display or sell tangible personal property, services or food and drink. Every person
22 shall furnish the promoter of any show at which the person displays or sells tangible personal
23 property, services or food and drink, information for the promoter's use in filing the report
24 required by this subsection.

25 SECTION 12. Title 44 of the General Laws entitled "Taxation" is hereby amended by
26 adding thereto the following chapter:

27 CHAPTER 44-18.1

28 ADOPTION OF THE STREAMLINED SALES AND USE TAX AGREEMENT

29 **44-18.1-1. Adoption of streamlined sales and use tax agreement—Regulations. —**
30 Rhode Island adopts the Streamlined Sales And Use Tax Agreement as created on November 12,
31 2002 and amended, by the member states of the Streamlined Sales Tax Project. The entire
32 Agreement is adopted by reference with the exception of articles III, IV and VI which are adopted
33 as set out in this chapter. The tax administrator shall promulgate rules and regulations necessary
34 to be in compliance with the provisions of this Agreement.

1 44-18.1-1.1. For the purposes of Section 44-18.1, the term “member state” shall include
2 the State of Rhode Island.

3 44-18.1-2. State Level Administration. -- Each member state shall provide state level
4 administration of sales and use taxes. The state level administration may be performed by a
5 member state’s tax commission, department of revenue, or any other single entity designated by
6 state law. Sellers are only required to register with, file returns with, and remit funds to the state
7 level authority. Each member state shall provide for collection of any local taxes and distribution
8 of them to the appropriate taxing jurisdictions. Each member state shall conduct, or authorize
9 others to conduct on its behalf, all audits of the sellers registered under the Agreement for that
10 state’s tax and the tax of its local jurisdictions, and local jurisdictions shall not conduct
11 independent sales or use tax audits of sellers registered under the Agreement.

12 44-18.1-3. State and Local Tax Bases. — Through December 31, 2005, if a member
13 state has local jurisdictions that levy a sales or use tax, all local jurisdictions in the state shall
14 have a common tax base. After December 31, 2005, the tax base for local jurisdictions shall be
15 identical to the state tax base unless otherwise prohibited by federal law. This section does not
16 apply to sales or use taxes levied on the retail sale or transfer of motor vehicles, aircraft,
17 watercraft, modular homes, manufactured homes, or mobile homes.

18 44-18.1-4. Seller Registration. — Each member state shall participate in an online sales
19 and use tax registration system in cooperation with the other member states. Under this system:

20 (A) A seller registering under the Agreement is registered in each of the member states.

21 (B) The member states agree not to require the payment of any registration fees or other
22 charge for a seller to register in a state in which the seller has no legal requirement to register.

23 (C) A written signature from the seller is not required.

24 (D) An agent may register a seller under uniform procedures adopted by the member
25 states.

26 (E) A seller may cancel its registration under the system at any time under uniform
27 procedures adopted by the governing board. Cancellation does not relieve the seller of its liability
28 for remitting to the proper states any taxes collected.

29 44-18.1-5. Notice for State Tax Changes. — (A) Each member state shall lessen the
30 difficulties faced by sellers when there is a change in a state sales or use tax rate or base by
31 making a reasonable effort to do all of the following:

32 (1) Provide sellers with as much advance notice as practicable of a rate change.

33 (2) Limit the effective date of a rate change to the first day of a calendar quarter.

34 (3) Notify sellers of legislative changes in the tax base and amendments to sales and use

1 tax rules and regulations.

2 (B) Failure of a seller to receive notice or failure of a member state to provide notice or
3 limit the effective date of a rate change shall not relieve the seller of its obligation to collect sales
4 or use taxes for that member state.

5 **44-18.1-6. Local Rate and Boundary Changes.** — Each member state that has local
6 jurisdictions that levy a sales or use tax shall:

7 (A) Provide that local rate changes will be effective only on the first day of a calendar
8 quarter after a minimum of sixty days' notice to sellers.

9 (B) Apply local sales tax rate changes to purchases from printed catalogs wherein the
10 purchaser computed the tax based upon local tax rates published in the catalog only on the first
11 day of a calendar quarter after a minimum of one hundred twenty days' notice to sellers.

12 (C) For sales and use tax purposes only, apply local jurisdiction boundary changes only
13 on the first day of a calendar quarter after a minimum of sixty days' notice to sellers.

14 (D) Provide and maintain a database that describes boundary changes for all taxing
15 jurisdictions. This database shall include a description of the changes and the effective date of
16 the change for sales and use tax purposes.

17 (E) Provide and maintain a database of all sales and use tax rates for all of the
18 jurisdictions levying taxes within the state. For the identification of states, counties, cities, and
19 parishes, codes corresponding to the rates must be provided according to Federal Information
20 Processing Standards (FIPS) as developed by the National Institute of Standards and Technology.
21 For the identification of all other jurisdictions, codes corresponding to the rates must be in the
22 format determined by the governing board.

23 (F) Provide and maintain a database that assigns each five digit and nine digit zip code
24 within a member state to the proper tax rates and jurisdictions. The state must apply the lowest
25 combined tax rate imposed in the zip code area if the area includes more than one tax rate in any
26 level of taxing jurisdictions. If a nine digit zip code designation is not available for a street
27 address or if a seller or CSP is unable to determine the nine digit zip code designation applicable
28 to a purchase after exercising due diligence to determine the designation, the seller or CSP may
29 apply the rate for the five digit zip code area. For the purposes of this section, there is a
30 rebuttable presumption that a seller or CSP has exercised due diligence if the seller has attempted
31 to determine the nine digit zip code designation by utilizing software approved by the governing
32 board that makes this designation from the street address and the five digit zip code applicable to
33 a purchase.

34 (G) Have the option of providing address-based boundary database records for assigning

1 taxing jurisdictions and their associated rates which shall be in addition to the requirements of
2 subsection (F) of this section. The database records must be in the same approved format as the
3 database records pursuant to subsection (F) of this section and must meet the requirements
4 developed pursuant to the federal Mobile Telecommunications Sourcing Act (4 U.S.C. Sec.
5 119(a)). The governing board may allow a member state to require sellers that register under this
6 Agreement to use an address-based database provided by that member state. If any member state
7 develops address-based assignment database records pursuant to the Agreement, a seller or CSP
8 may use those database records in place of the five and nine-digit zip code database records
9 provided for in subsection (F) of this section. If a seller or CSP is unable to determine the
10 applicable rate and jurisdiction using an address-based database record after exercising due
11 diligence, the seller or CSP may apply the nine digit zip code designation applicable to a
12 purchase. If a nine-digit zip code designation is not available for a street address or if a seller or
13 CSP is unable to determine the nine digit zip code designation applicable to a purchase after
14 exercising due diligence to determine the designation, the seller or CSP may apply the rate for the
15 five digit zip code area. For the purposes of this section, there is a rebuttable presumption that a
16 seller or CSP has exercised due diligence if the seller or CSP has attempted to determine the tax
17 rate and jurisdiction by utilizing software approved by the governing board that makes this
18 assignment from the address and zip code information applicable to the purchase.

19 (H) States that have met the requirements of subsection (F) may also elect to certify
20 vendor provided address-based databases for assigning tax rates and jurisdictions. The databases
21 must be in the same approved format as the database records pursuant to (G) of this section and
22 must meet the requirements developed pursuant to the federal Mobil Telecommunications
23 Sourcing Act (4 U.S.C.A. Sec. 119(a)). If a state certifies a vendor address-based database, a
24 seller or CSP may use that database in place of the database provided for in subsection (F) or (G)
25 of this section. Vendors providing address-based databases may request certification of their
26 databases from the governing board. Certification by the governing board does not replace the
27 requirement that the databases be certified by the states individually.

28 **44-18.1-7. Relief from Certain Liability.** -- Each member state shall relieve sellers and
29 CSPs using databases pursuant to subsections (F), (G) and (H) of Section 44-18-1.6 from liability
30 to the member state and local jurisdictions for having charged and collected the incorrect amount
31 of sales or use tax resulting from the seller or CSP relying on erroneous data provided by a
32 member state on tax rates, boundaries, or taxing jurisdiction assignments. After providing
33 adequate notice as determined by the governing board, a member state that provides an
34 address-based database for assigning taxing jurisdictions pursuant to Section 44-18.1-6,

1 subsection (G) or (H) may cease providing liability relief for errors resulting from the reliance on
2 the database provided by the member state under the provisions of Section 44-18.1-6, subsection
3 (F). If a seller demonstrates that requiring the use of the address-based database would create an
4 undue hardship, a member state and the governing board may extend the relief from liability to
5 such seller for a designated period of time.

6 **44-18.1-8. Database Requirements and Exceptions.** — (A) The electronic databases
7 provided for in Section 44-18.1-6, subsections (D), (E), (F), and (G) shall be in a downloadable
8 format approved by the governing board. The databases may be directly provided by the state or
9 provided by a vendor as designated by the state. A database provided by a vendor as designated
10 by a state shall be applicable to and subject to all provisions of Section 44-18.1-6 and 44-18.1-7
11 and this section. These databases must be provided at no cost to the user of the database.

12 (B) The provisions of Section 44-18.1-6, subsections (F) and (G) do not apply when the
13 purchased product is received by the purchaser at the business location of the seller.

14 (C) The databases provided by Section 44-18.1-6, subsections (D), (E), (F), and (G) are
15 not a requirement of a state prior to entering into the Agreement. A seller that did not have a
16 requirement to register in a state prior to registering pursuant to this Agreement or a CSP shall not
17 be required to collect sales or use taxes for a state until the first day of the calendar quarter
18 commencing more than sixty days after the state has provided the databases required by Section
19 44-18.1-6, subsections (D), (E) and (F).

20 **44-18.1-9. State and Local Tax Rates.** — (A) No member state shall have multiple
21 state sales and use tax rates on items of personal property or services after December 31, 2005,
22 except that a member state may impose a single additional rate, which may be zero, on food and
23 food ingredients and drugs as defined by state law pursuant to the Agreement.

24 (B) A member state that has local jurisdictions that levy a sales or use tax shall not have
25 more than one local sales tax rate or more than one local use tax rate per local jurisdiction. If the
26 local jurisdiction levies both a sales tax and use tax, the local rates must be identical.

27 (C) The provisions of this section do not apply to sales or use taxes levied on electricity,
28 pipled natural or artificial gas, or other heating fuels delivered by the seller, or the retail sale or
29 transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile
30 homes.

31 **44-18.1-10. Application of General Sourcing Rules and Exclusions from the Rules.**
32 — (A) Each member state shall agree to require sellers to source the retail sale of a product in
33 accordance with Section 44-18.1-11. The provisions of Section 44-18.1-11 apply regardless of
34 the characterization of a product as tangible personal property, a digital good, or a service. The

1 provisions of Section 44-18.1-11 only apply to determine a seller's obligation to pay or collect
2 and remit a sales or use tax with respect to the seller's retail sale of a product. These provisions
3 do not affect the obligation of a purchaser or lessee to remit tax on the use of the product to the
4 taxing jurisdictions of that use.

5 (B) Section 44-18.1-11 does not apply to sales or use taxes levied on the following:

6 (1) The retail sale or transfer of watercraft, modular homes, manufactured homes, or
7 mobile homes. These items must be sourced according to the requirements of each member state.

8 (2) The retail sale, excluding lease or rental, of motor vehicles, trailers, semi-trailers, or
9 aircraft that do not qualify as transportation equipment, as defined in Section 44-18.1-11,
10 subsection (D). The retail sale of these items shall be sourced according to the requirements of
11 each member state, and the lease or rental of these items must be sourced according to Section
12 44-18.1-11, subsection (C).

13 (3) Telecommunications services, as set out in Section 44-18.1-16, shall be sourced in
14 accordance with Section 44-18.1-15.

15 (4) Until December 31, 2007, florist sales as defined by each member state. Prior to this
16 date, these items must be sourced according to the requirements of each member state.

17 **44-18.1-11. General Sourcing Rules.** — (A) The retail sale, excluding lease or rental,
18 of a product shall be sourced as follows:

19 (1) When the product is received by the purchaser at a business location of the seller, the
20 sale is sourced to that business location.

21 (2) When the product is not received by the purchaser at a business location of the seller,
22 the sale is sourced to the location where receipt by the purchaser (or the purchaser's donee,
23 designated as such by the purchaser) occurs, including the location indicated by instructions for
24 delivery to the purchaser (or donee), known to the seller.

25 (3) When subsections (A)(1) and (A)(2) do not apply, the sale is sourced to the location
26 indicated by an address for the purchaser that is available from the business records of the seller
27 that are maintained in the ordinary course of the seller's business when use of this address does
28 not constitute bad faith.

29 (4) When subsections (A)(1), (A)(2) and (A)(3) do not apply, the sale is sourced to the
30 location indicated by an address for the purchaser obtained during the consummation of the sale,
31 including the address of a purchaser's payment instrument, if no other address is available, when
32 use of this address does not constitute bad faith.

33 (5) When none of the previous rules of subsections (A)(1), (A)(2), (A)(3), or (A)(4)
34 apply, including the circumstance in which the seller is without sufficient information to apply

1 the previous rules, then the location will be determined by the address from which tangible
2 personal property was shipped, from which the digital good or the computer software delivered
3 electronically was first available for transmission by the seller, or from which the service was
4 provided (disregarding for these purposes any location that merely provided the digital transfer of
5 the product sold).

6 (B) The lease or rental of tangible personal property, other than property identified in
7 subsection (C) or subsection (D), shall be sourced as follows:

8 (1) For a lease or rental that requires recurring periodic payments, the first periodic
9 payment is sourced the same as a retail sale in accordance with the provisions of subsection (A).
10 Periodic payments made subsequent to the first payment are sourced to the primary property
11 location for each period covered by the payment. The primary property location shall be as
12 indicated by an address for the property provided by the lessee that is available to the lessor from
13 its records maintained in the ordinary course of business, when use of this address does not
14 constitute bad faith. The property location shall not be altered by intermittent use at different
15 locations, such as use of business property that accompanies employees on business trips and
16 service calls.

17 (2) For a lease or rental that does not require recurring periodic payments, the payment is
18 sourced the same as a retail sale in accordance with the provisions of subsection (A).

19 (3) This subsection does not affect the imposition or computation of sales or use tax on
20 leases or rentals based on a lump sum or accelerated basis, or on the acquisition of property for
21 lease.

22 (C) The lease or rental of motor vehicles, trailers, semi-trailers, or aircraft that do not
23 qualify as transportation equipment, as defined in subsection (D), shall be sourced as follows:

24 (1) For a lease or rental that requires recurring periodic payments, each periodic payment
25 is sourced to the primary property location. The property location shall be as indicated by an
26 address for the property provided by the lessee that is available to the lessor from its records
27 maintained in the ordinary course of business, when use of this address does not constitute bad
28 faith. This location shall not be altered by intermittent use at different locations.

29 (2) For a lease or rental that does not require recurring periodic payments, the payment is
30 sourced the same as a retail sale in accordance with the provisions of subsection (A).

31 (3) This subsection does not affect the imposition or computation of sales or use tax on
32 leases or rentals based on a lump sum or accelerated basis, or on the acquisition of property for
33 lease.

34 (D) The retail sale, including lease or rental, of transportation equipment shall be sourced

1 the same as a retail sale in accordance with the provisions of subsection (A), notwithstanding the
2 exclusion of lease or rental in subsection (A). “Transportation equipment” means any of the
3 following:

4 (1) Locomotives and railcars that are utilized for the carriage of persons or property in
5 interstate commerce.

6 (2) Trucks and truck-tractors with a Gross Vehicle Weight rating (GVWR) or 10,001
7 pounds or greater, trailers, semi-trailers, or passenger buses that are:

8 (a) Registered through the International Registration Plan; and

9 (b) Operated under authority of a carrier authorized and certificated by the U.S.
10 Department of Transportation or another federal authority to engage in the carriage of persons or
11 property in interstate commerce.

12 (3) Aircraft that are operated by air carriers authorized and certificated by the U.S.
13 Department of Transportation or another federal or a foreign authority to engage in the carriage of
14 persons or property in interstate or foreign commerce.

15 (4) Containers designed for use on and component parts attached or secured on the items
16 set forth in subsection (D)(1) through (D)(3).

17 **44-18.1-12. General Sourcing Definitions.** — For the purposes of Section 44-18.1-11,
18 subsection (A), the terms “receive” and “receipt” mean:

19 (A) Taking possession of tangible personal property,

20 (B) Making first use of services, or

21 (C) Taking possession or making first use of digital goods, whichever comes first. The
22 terms “receive” and “receipt” do not include possession by a shipping company on behalf of the
23 purchaser.

24 **44-18.1-13. Multiple Points of Use.** — (A) Notwithstanding the provisions of Section
25 44-18.1-11, a business purchaser that is not a holder of a direct pay permit that knows at the time
26 of its purchase of a digital good, computer software, or a service that the digital good, computer
27 software, or service will be concurrently available for use in more than one jurisdiction shall
28 deliver to the seller in conjunction with its purchase an exemption certificate claiming multiple
29 points of use or meet the requirements of Section 44-18.1-13, subsections (B) or (C). Computer
30 software, for purposes of this section includes, but is not limited to computer software delivered
31 electronically, by load and leave, or in tangible form. Computer software received in-person by a
32 business purchaser at a business location of the seller is not included.

33 Upon receipt of an exemption certificate claiming multiple points of use, the seller is
34 relieved of all obligation to collect, pay, or remit the applicable tax and the purchaser shall be

1 obligated to collect, pay, or remit the applicable tax on a direct pay basis.

2 (2) A purchaser delivering an exemption certificate claiming multiple points of use may
3 use any reasonable, but consistent and uniform, method of apportionment that is supported by the
4 purchaser's books and records as they exist at the time the transaction is reported for sales or use
5 tax purposes.

6 (3) A purchaser delivering an exemption certificate claiming multiple points of use shall
7 report and pay the appropriate tax to each jurisdiction where concurrent use occurs. The tax due
8 will be calculated as if the apportioned amount of the digital good, computer software or service
9 had been delivered to each jurisdiction to which the sale is apportioned pursuant to Section 44-
10 18.1-13, subdivision (A)(2).

11 (4) The exemption certificate claiming multiple points of use will remain in effect for all
12 future sales by the seller to the purchaser (except as to the subsequent sale's specific
13 apportionment that is governed by the principles of Section 44-18.1-13, subdivisions (A)(2) and
14 (A)(3)) until it is revoked in writing.

15 (B) Notwithstanding Section 44-18.1-13, subsection (A), when the seller knows that the
16 product will be concurrently available for use in more than one jurisdiction, but the purchaser
17 does not provide an exemption certificate claiming multiple points of use as required in
18 subsection (A), the seller may work with the purchaser to produce the correct apportionment.
19 The purchaser and seller may use any reasonable, but consistent and uniform, method of
20 apportionment that is supported by the seller's and purchaser's business records as they exist at
21 the time the transaction is reported for sales or use tax purposes. If the purchaser certifies to the
22 accuracy of the apportionment and the seller accepts the certification, the seller shall collect and
23 remit the tax pursuant to Section 44-18.1-13, subdivision (A)(3). In the absence of bad faith, the
24 seller is relieved of any further obligation to collect tax on any transaction where the seller has
25 collected tax pursuant to the information certified by the purchaser.

26 (C) When the seller knows that the product will be concurrently available for use in more
27 than one jurisdiction and the purchaser does not have a direct pay permit and does not provide the
28 seller with an exemption certificate claiming multiple points of use exemption as required in
29 Section 44-18.1-13, subsection (A), or certification pursuant to Section 44-18.1-13, subsection
30 (B), the seller shall collect and remit the tax based on the provisions of Section 44-18.1-11.

31 (D) A holder of a direct pay permit shall not be required to deliver an exemption
32 certificate claiming multiple points of use to the seller. A direct pay permit holder shall follow
33 the provisions of Section 44-18.1-13, subdivisions (A)(2) and (A)(3) of this section in
34 apportioning the tax due on a digital good, computer software, or a service that will be

1 concurrently available for use in more than one jurisdiction.

2 (E) Nothing in this section shall limit a person's obligation for sales or use tax to any
3 state in which the qualifying purchases are concurrently available for use, nor limit a person's
4 ability under local, state, federal, or constitutional law, to claim a credit for sales or use taxes
5 legally due and paid to other jurisdictions.

6 **44-18.1-14. Direct Mail Sourcing.** — (A) Notwithstanding Section 44-18.1-11, a
7 purchaser of direct mail that is not a holder of a direct pay permit shall provide to the seller in
8 conjunction with the purchase a Direct Mail Form or information to show the jurisdictions to
9 which the direct mail is delivered to recipients.

10 (1) Upon receipt of the Direct Mail Form, the seller is relieved of all obligations to
11 collect, pay, or remit the applicable tax and the purchaser is obligated to pay or remit the
12 applicable tax on a direct pay basis. A Direct Mail Form shall remain in effect for all future sales
13 of direct mail by the seller to the purchaser until it is revoked in writing.

14 (2) Upon receipt of information from the purchaser showing the jurisdictions to which
15 the direct mail is delivered to recipients, the seller shall collect the tax according to the delivery
16 information provided by the purchaser. In the absence of bad faith, the seller is relieved of any
17 further obligation to collect tax on any transaction where the seller has collected tax pursuant to
18 the delivery information provided by the purchaser.

19 (B) If the purchaser of direct mail does not have a direct pay permit and does not provide
20 the seller with either a Direct Mail Form or delivery information, as required by subsection (A) of
21 this section, the seller shall collect the tax according to Section 44-18.1-11, subsection (A)(5).
22 Nothing in this paragraph shall limit a purchaser's obligation for sales or use tax to any state to
23 which the direct mail is delivered.

24 (C) If a purchaser of direct mail provides the seller with documentation of direct pay
25 authority, the purchaser shall not be required to provide a Direct Mail Form or delivery
26 information to the seller.

27 **44-18.1-15. Telecommunication Sourcing Rule.** — (A) Except for the defined
28 telecommunication services in subsection (C), the sale of telecommunication service sold on a
29 call-by-call basis shall be sourced to (i) each level of taxing jurisdiction where the call originates
30 and terminates in that jurisdiction or (ii) each level of taxing jurisdiction where the call either
31 originates or terminates and in which the service addressed is also located.

32 (B) Except for the defined telecommunication services in subsection (C), a sale of
33 telecommunications services sold on a basis other than a call-by-call basis, is sourced to the
34 customer's place of primary use.

1 (C) The sale of the following telecommunication services shall be sourced to each level
2 of taxing jurisdiction as follows:

3 (1) A sale of mobile telecommunications services other than air-to-ground radiotelephone
4 service and prepaid calling service, is sourced to the customer's place of primary use as required
5 by the Mobile Telecommunications Sourcing Act.

6 (2) A sale of post-paid calling service is sourced to the origination point of the
7 telecommunications signal as first identified by either (i) the seller's telecommunications system,
8 or (ii) information received by the seller from its service provider, where the system used to
9 transport such signals is not that of the seller.

10 (3) A sale of prepaid calling service or a sale of a prepaid wireless calling service is
11 sourced in accordance with Section 44-18.1-11. Provided however, in the case of a sale of a
12 prepaid wireless calling service, the rule provided in Section 44-18.1-11, subsection (A)(5) shall
13 include as an option the location associated with the mobile telephone number.

14 (4) A sale of a private communication service is sourced as follows:

15 (a) Service for a separate charge related to a customer channel termination point is
16 sourced to each level of jurisdiction in which such customer channel termination point is located.

17 (b) Service where all customer termination points are located entirely within one
18 jurisdiction or levels of jurisdiction is sourced in such jurisdiction in which the customer channel
19 termination points are located.

20 (c) Service for segments of a channel between two customer channel termination points
21 located in different jurisdictions and which segment of channel are separately charged is sourced
22 fifty percent in each level of jurisdiction in which the customer channel termination points are
23 located.

24 (d) Service for segments of a channel located in more than one jurisdiction or levels of
25 jurisdiction and which segments are not separately billed is sourced in each jurisdiction based on
26 the percentage determined by dividing the number of customer channel termination points in such
27 jurisdiction by the total number of customer channel termination points.

28 **44-18.1-16. Telecommunication Sourcing Definitions.** — For the purpose of Section
29 44-18.1-15 and 44-18-7, the following definitions apply:

30 (A) "Air-to-Ground Radiotelephone service" means a radio service, as that term is
31 defined in 47 CFR 22.99, in which common carriers are authorized to offer and provide radio
32 telecommunications service for hire to subscribers in aircraft.

33 (B) "Call-by-call Basis" means any method of charging for telecommunications services
34 where the price is measured by individual calls.

1 (C) “Communications Channel” means a physical or virtual path of communications over
2 which signals are transmitted between or among customer channel termination points.

3 (D) “Customer” means the person or entity that contracts with the seller of
4 telecommunications services. If the end user of telecommunications services is not the
5 contracting party, the end user of the telecommunications service is the customer of the
6 telecommunication service, but this sentence only applies for the purpose of sourcing sales of
7 telecommunications services under Section 44-18.1-15. “Customer” does not include a reseller of
8 telecommunications service or for mobile telecommunications service of a serving carrier under
9 an agreement to serve the customer outside the home service provider’s licensed service area.

10 (E) “Customer Channel Termination Point” means the location where the customer either
11 inputs or receives the communications.

12 (F) “End user” means the person who utilizes the telecommunication service. In the case
13 of an entity, “end user” means the individual who utilizes the service on behalf of the entity.

14 (G) “Home service provider” means the same as that term is defined in Section 124(5) of
15 Public Law 106-252 (Mobile Telecommunications Sourcing Act).

16 (H) “Mobile telecommunications service” means the same as that term is defined in
17 Section 124(7) of Public Law 106-252 (Mobile Telecommunications Sourcing Act).

18 (I) “Place of primary use” means the street address representative of where the
19 customer’s use of the telecommunications service primarily occurs, which must be the residential
20 street address or the primary business street address of the customer. In the case of mobile
21 telecommunications services, “place of primary use” must be within the licensed service area of
22 the home service provider.

23 (J) “Post-paid calling service” means the telecommunications service obtained by making
24 a payment on a call-by-call basis either through the use of a credit card or payment mechanism
25 such as a bank card, travel card, credit card, or debit card, or by charge made to a telephone
26 number which is not associated with the origination or termination of the telecommunications
27 service. A post-paid calling service includes a telecommunications service, except a prepaid
28 wireless calling service, that would be a prepaid calling service except it is not exclusively a
29 telecommunication service.

30 (K) “Service address” means:

31 (1) The location of the telecommunications equipment to which a customer’s call is
32 charged and from which the call originates or terminates, regardless of where the call is billed or
33 paid.

34 (2) If the location in subsection (K)(1) is not known, service address means the

1 origination point of the signal of the telecommunications services first identified by either the
2 seller's telecommunications system or in information received by the seller from its service
3 provider, where the system used to transport such signals is not that of the seller.

4 (3) If the location in subsection (K)(1) and subsection (K)(2) are not known, the service
5 address means the location of the customer's place of primary use.

6 **44-18.1-17. Enactment of Exemptions.** — (a) For the purpose of this section and
7 section 44-18.1-18, the following definitions apply:

8 (1) Entity-Based Exemption. An exemption based on who purchases the product or who
9 sells the product. An exemption that is available to all individuals shall not be considered an
10 entity-based exemption.

11 (2) Product-Based Exemption. An exemption based on the description of the product and
12 not based on who purchases the product or how the purchaser intends to use the product.

13 (3) Use-Based Exemption. An exemption based on a specified use of the product by the
14 purchaser.

15 (b) A member state shall enact entity-based, use-based and product-based exemptions in
16 accordance with the provisions of this section and shall utilize common definitions in accordance
17 with the provisions of this section and shall utilize common definitions in accordance with the
18 provisions of Section 44-18.1-28 and Library of Definitions in Appendix C of the Streamlined
19 Sales and Use Tax Agreement.

20 (c)(1) A member state may enact a product-based exemption without restriction if Part II
21 of the Library of Definitions does not have a definition for such product.

22 (2) A member state may enact a product-based exemption for a product if Part II of the
23 Library of Definitions has a definition for such product and the member state utilizes in the
24 exemption the product definition in a manner consistent with Part II of the Library of Definitions
25 and Section 44-18.1-28.

26 (3) A member state may enact a product-based exemption exempting all items included
27 within a definition in Part II of the Library of Definitions but shall not exempt specific items
28 included within the product definition unless the product definition sets out an exclusion for such
29 item.

30 (d)(1) A member state may enact an entity-based or a use-based exemption for a product
31 without restriction if Part II of the Library of Definitions does not have a definition for such
32 product.

33 (2) A member state may enact an entity-based or a use-based exemption for a product if
34 Part II of the Library of Definitions has a definition for such product and the member state

1 utilizes in the exemption the product definition in a manner consistent with Part II of the Library
2 of Definitions and Section 44-18.1-28 of this Agreement.

3 (3) A member state may enact an entity-based exemption for an item if Part II of the
4 Library of Definitions does not have a definition for such item but has a definition for a product
5 that includes such item.

6 (4) A member state may not enact a use-based exemption for an item which effectively
7 constitutes a product-based exemption if Part II of the Library of Definitions has a definition for a
8 product that includes such item.

9 (5) A member state may enact a use-based exemption for an item if Part II of the Library
10 of Definitions has a definition for a product that includes such item, if not prohibited in
11 Subsection (C)(4) of this section and if consistent with the definition in Part II of the Library of
12 Definitions.

13 (e) For purposes of complying with the requirements in this section, the inclusion of a
14 product within the definition of tangible personal property is disregarded.

15 **44-18.1-18. Administration of Exemptions.** — (A) Each member state shall observe
16 the following provisions when a purchaser claims an exemption:

17 (1) The seller shall obtain identifying information of the purchaser and the reason for
18 claiming a tax exemption at the time of the purchase as determined by the governing board.

19 (2) A purchaser is not required to provide a signature to claim an exemption from tax
20 unless a paper exemption certificate is used.

21 (3) The seller shall use the standard form for claiming an exemption electronically as
22 adopted by the governing board.

23 (4) The seller shall obtain the same information for proof of a claimed exemption
24 regardless of the medium in which the transaction occurred.

25 (5) A member state may utilize a system wherein the purchaser exempt from the payment
26 of the tax is issued an identification number that shall be presented to the seller at the time of the
27 sale.

28 (6) The seller shall maintain proper records of exempt transactions and provide them to a
29 member state when requested.

30 (7) A member state shall administer use-based and entity-based exemptions when
31 practicable through a direct pay permit, an exemption certificate, or other means that does not
32 burden sellers.

33 (8) After December 31, 2007, in the case of drop shipment sales, member states must
34 allow a third party vendor (e.g., drop shipper) to claim a resale exemption based on an exemption

1 certificate provided by its customer/re-seller or any other acceptable information available to the
2 third party vendor evidencing qualification for a resale exemption, regardless of whether the
3 customer/re-seller is registered to collect and remit sales and use tax in the state where the sale is
4 sourced.

5 (B) Each member state shall relieve sellers that follow the requirements of this section
6 from the tax otherwise applicable if it is determined that the purchaser improperly claimed an
7 exemption and to hold the purchaser liable for the nonpayment of tax. This relief from liability
8 does not apply to a seller who fraudulently fails to collect the tax; to a seller who solicits
9 purchasers to participate in the unlawful claim of an exemption; to a seller who accepts an
10 exemption certificate when the purchaser claims an entity-based exemption when (1) the subject
11 of the transactions sought to be covered by the exemption certificate is actually received by the
12 purchaser at a location operated by the seller and (2) the state in which that location resides
13 provides an exemption certificate that clearly and affirmatively indicates (graying out exemption
14 reason types on the uniform form and posting it on a state's web site is an indicator) that the
15 claimed exemption is not available in that state; or to a seller who accepts an exemption
16 certificate claiming multiple points of use for tangible personal property other than computer
17 software for which an exemption claiming multiple points of use is acceptable under Section 44-
18 18.1-13.

19 (C) Each state shall relieve a seller of the tax otherwise applicable if the seller obtains a
20 fully completed exemption certificate or captures the relevant data elements required under the
21 Agreement within 90 days subsequent to the sale of sale.

22 (1) If the seller has not obtained an exemption certificate or all relevant data elements as
23 provided in Section 44-18.1-18, subsection (C) the seller may, within 120 days subsequent to a
24 request for substantiation by a member state, either prove that the transaction was not subject to
25 tax by other means or obtain a fully completed exemption certificate from the purchaser, taken in
26 good faith. For purposes of this section, member states may continue to apply their own
27 standards of good faith until such time as a uniform standard for good faith is defined in the
28 Agreement.

29 (2) Nothing in this section shall affect the ability of member states to require purchasers
30 to update exemption certificate information or to reapply with the state to claim certain
31 exemptions.

32 (3) Notwithstanding the aforementioned, each member state shall relieve a seller of the
33 tax otherwise applicable if it obtains a blanket exemption certificate for a purchaser with which
34 the seller has a recurring business relationship. States may not request from the seller renewal of

1 blanket certificates or updates of exemption certificate information or data elements when there is
2 a recurring business relationship between the buyer and seller. For purposes of this section a
3 recurring business relationship exists when a period of no more than twelve months elapses
4 between sales transactions.

5 **44-18.1-19. Uniform Tax Returns.** — Each member state shall:

6 (A) Require that only one tax return for each taxing period for each seller be filed for the
7 member state and all the taxing jurisdictions within the member state.

8 (B) Require that returns be due no sooner than the twentieth day of the month following
9 the month in which the transaction occurred.

10 (C) Allow any Model 1, Model 2, or Model 3 seller to submit its sales and use tax returns
11 in a simplified format that does not include more data fields than permitted by the governing
12 board. A member state may require additional informational returns to be submitted not more
13 frequently than every six months under a staggered system developed by the governing board.

14 (D) Allow any seller that is registered under the Agreement, which does not have a legal
15 requirement to register in the member state, and is not a Model 1, 2, or 3 seller, to submit its sales
16 and use tax returns as follows:

17 (1) Upon registration, a member state shall provide to the seller the returns required by
18 that state.

19 (2) A member state may require a seller to file a return anytime within one year of the
20 month of initial registration, and future returns may be required on an annual basis in succeeding
21 years.

22 (3) In addition to the returns required in subsection (D)(2), a member state may require
23 sellers to submit returns in the month following any month in which they have accumulated state
24 and local tax funds for the state in the amount of one thousand dollars or more.

25 (E) Participate with other member states in developing a more uniform sales and use tax
26 return that, when completed, would be available to all sellers.

27 (F) Require, at each member state's discretion, all Model 1, 2, and 3 sellers to file returns
28 electronically. It is the intent of the member states that all member states have the capability of
29 receiving electronically filed returns.

30 **44-18.1-20. Uniform Rules for Remittances of Funds.** — Each member state shall:

31 (A) Require only one remittance for each return except as provided in this subsection. If
32 any additional remittance is required, it may only be required from sellers that collect more than
33 thirty thousand dollars in sales and use taxes in the member state during the preceding calendar
34 year as provided herein. The state shall allow the amount of any additional remittance to be

1 determined through a calculation method rather than actual collections. Any additional
2 remittances shall not require the filing of an additional return.

3 (B) Require, at each member state’s discretion, all remittances from sellers under Models
4 1, 2, and 3 to be remitted electronically.

5 (C) Allow for electronic payments by both ACH Credit and ACH Debit.

6 (D) Provide an alternative method for making “same day” payments if an electronic
7 funds transfer fails.

8 (E) Provide that if a due date falls on a legal banking holiday in a member state, the taxes
9 are due to that state on the next succeeding business day.

10 (F) Require that any data that accompanies a remittance be formatted using uniform tax
11 type and payment type codes approved by the governing board.

12 **44-18.1-21. Uniform Rules for Recovery of Bad Debts.** — Each member state shall
13 use the following to provide a deduction for bad debts to a seller. To the extent a member state
14 provides a bad debt deduction to any other party, the same procedures will apply. Each member
15 state shall:

16 (A) Allow a deduction from taxable sales for bad debts. Any deduction taken that is
17 attributed to bad debts shall not include interest.

18 (B) Utilize the federal definition of “bad debt” in 26 U.S.C. Sec. 166 as the basis for
19 calculating bad debt recovery. However, the amount calculated pursuant to 26 U.S.C. Sec. 166
20 shall be adjusted to exclude: financing charges or interest; sales or use taxes charge d on the
21 purchase price; uncollectable amounts on property that remain in the possession of the seller until
22 the full purchase price is paid; expenses incurred in attempting to collect any debt, and
23 repossessed property.

24 (C) Allow bad debts to be deducted on the return for the period during which the bad debt
25 is written off as uncollectable in the claimant’s books and records and is eligible to be deducted
26 for federal income tax purposes. For purposes of this subsection, a claimant who is not required
27 to file federal income tax returns may deduct a bad debt on a return filed for the period in which
28 the bad debt is written off as uncollectable in the claimant’s books and records and would be
29 eligible for a bad debt deduction for federal income tax purposes if the claimant was required to
30 file a federal income tax return.

31 (D) Require that, if a deduction is taken for a bad debt and the debt is subsequently
32 collected in whole or in part, the tax on the amount so collected must be paid and reported on the
33 return filed for the period in which the collection is made.

34 (E) Provide that, when the amount of bad debt exceeds the amount of taxable sales for the

1 period during which the bad debt is written off, a refund claim may be filed within the member
2 state’s otherwise applicable statute of limitations for refund claims; however, the statute of
3 limitations shall be measured from the due date of the return on which the bad debt could first be
4 claimed.

5 (F) Where filing responsibilities have been assumed by a CSP, allow the service provider
6 to claim, on behalf of the seller, any bad debt allowance provided by this section. The CSP must
7 credit or refund the full amount of any bad debt allowance or refund received to the seller.

8 (G) Provide that, for the purposes of reporting a payment received on a previously
9 claimed bad debt, any payments made on a debt or account are applied first proportionally to the
10 taxable price of the property or service and the sales tax thereon, and secondly to interest, service
11 charges, and any other charges.

12 (H) In situations where the books and records of the party claiming the bad debt
13 allowance support an allocation of the bad debts among the member states, permit the allocation.

14 **44-18.1-22. Confidentiality and Privacy Protections Under Model 1.** — (A) The

15 purpose of this section is to set forth the member states’ policy for the protection of the
16 confidentiality rights of all participants in the system and of the privacy interests of consumers
17 who deal with Model 1 sellers.

18 (B) As used in this section, the term “confidential taxpayer information” means all
19 information that is protected under a member state’s laws, regulations, and privileges; the term
20 “personally identifiable information” means information that identifies a person; and the term
21 “anonymous data” means information that does not identify a person.

22 (C) The member states agree that a fundamental precept in Model 1 is to preserve the
23 privacy of consumers by protecting their anonymity. With very limited exceptions, a CSP shall
24 perform its tax calculation, remittance, and reporting functions without retaining the personally
25 identifiable information of consumers.

26 (D) The governing board may certify a CSP only if that CSP certifies that:

27 (1) Its system has been designed and tested to ensure that the fundamental precept of
28 anonymity is respected;

29 (2) That personally identifiable information is only used and retained to the extent
30 necessary for the administration of Model 1 with respect to exempt purchasers;

31 (3) It provides consumers clear and conspicuous notice of its information practices,
32 including what information is collects, how it collects the information, how it uses the
33 information, how long, if at all, it retains the information and whether it discloses the information
34 to member states. Such notice shall be satisfied by a written privacy policy statement accessible

1 by the public on the official web site of the CSP;

2 (4) Its collection, use and retention of personally identifiable information will be limited
3 to that required by the member states to ensure the validity of exemptions from taxation that are
4 claimed by reason of a consumer's status or the intended use of the goods or services purchased;
5 and

6 (5) It provides adequate technical, physical, and administrative safeguards so as to protect
7 personally identifiable information from unauthorized access and disclosure.

8 (E) Each member state shall provide public notification to consumers, including their
9 exempt purchasers, of the state's practices relating to the collection, use and retention of
10 personally identifiable information.

11 (F) When any personally identifiable information that has been collected and retained is
12 no longer required for the purposes set forth in subsection (D)(4), such information shall no
13 longer be retained by the member states.

14 (G) When personally identifiable information regarding an individual is retained by or on
15 behalf of a member state, such state shall provide reasonable access by such individual to his or
16 her own information in the state's possession and a right to correct any inaccurately recorded
17 information.

18 (H) If anyone other than a member state, or a person authorized by that state's law or the
19 Agreement, seeks to discover personally identifiable information, the state from whom the
20 information is sought should make a reasonable and timely effort to notify the individual of such
21 request.

22 (I) This privacy policy is subject to enforcement by member states' attorneys general or
23 other appropriate state government authority.

24 (J) Each member states' laws and regulations regarding the collection, use, and
25 maintenance of confidential taxpayer information remain fully applicable and binding. Without
26 limitation, the Agreement does not enlarge or limit the member states' authority to:

27 (1) Conduct audits or other review as provided under the Agreement and state law.

28 (2) Provide records pursuant to a member state's Freedom of Information Act, disclosure
29 laws with governmental agencies, or other regulations.

30 (3) Prevent, consistent with state law, disclosures of confidential taxpayer information.

31 (4) Prevent, consistent with federal law, disclosures or misuse of federal return
32 information obtained under a disclosure agreement with the Internal Revenue Service.

33 (5) Collect, disclose, disseminate, or otherwise use anonymous data for governmental
34 purposes.

1 (K) This privacy policy does not preclude the governing board from certifying a CSP
2 whose privacy policy is more protective of confidential taxpayer information or personally
3 identifiable information than is required by the Agreement.

4 **44-18.1-23. Sales Tax Holidays.** — (A) If a member state allows for temporary
5 exemption periods, commonly referred to as sales tax holidays, the member state shall:

6 (1) Not apply an exemption after December 31, 2003, unless the items to be exempted are
7 specifically defined in the Agreement and the exemptions are uniformly applied to state and local
8 sales and use taxes.

9 (2) Provide notice of the exemption period at least sixty days' prior to the first day of the
10 calendar quarter in which the exemption period will begin.

11 (B) A member state may establish a sales tax holiday that utilizes price thresholds set by
12 such state and the provisions of the Agreement on the use of thresholds shall not apply to
13 exemptions provided by a state during a sales tax holiday. In order to provide uniformity, a price
14 threshold established by a member state for exempt items shall include only items priced below
15 the threshold. A member state shall not exempt only a portion of the price of an individual item
16 during a sales tax holiday.

17 (C) The following procedures are to be used by member states in administering a sales
18 tax holiday exemption:

19 (1) Layaway sales – A sale of eligible property under a layaway sale qualifies for
20 exemption if:

21 (a) final payment on a layaway order is made by, and the property is given to, the
22 purchaser during the exemption period; or

23 (b) the purchaser selects the property and the retailer accepts the order for the item during
24 the exemption period, for immediate delivery upon full payment, even if delivery is made after
25 the exemption period.

26 (2) Bundled sales – Member states will follow the same procedure during the sales tax
27 holiday as agreed upon for handling a bundled sale at other times.

28 (3) Coupons and discounts – A discount by the seller reduces the sales price of the
29 property and the discounted sales price determines whether the sales price is within a sales tax
30 holiday price threshold of a member state. A coupon that reduces the sales price is treated as a
31 discount if the seller is not reimbursed for the coupon amount by a third-party. If a discount
32 applies to the total amount paid by a purchaser rather than to the sales price of a particular item
33 and the purchaser has purchased both eligible property and taxable property, the seller should
34 allocate the discount based on the total sales price of the taxable property compared to the total

1 sales prices of all property sold in that same transaction.

2 (4) Splitting of items normally sold together – Articles that are normally sold as a single
3 unit must continue to be sold in that manner. Such articles cannot be priced separately and sold
4 as individual items in order to obtain the exemption. For example, a pair of shoes cannot have
5 each shoe sold separately so that the sales price of each shoe is within a sales tax holiday price
6 threshold.

7 (5) Rain checks – A rain check allows a customer to purchase an item at a certain price at
8 a later time because the particular item was out of stock. Eligible property that customers
9 purchase during the exemption period with use of a rain check will qualify for the exemption
10 regardless of when the rain check was issued. Issuance of a rain check during the exemption
11 period will not qualify eligible property for the exemption if the property is actually purchased
12 after the exemption period.

13 (6) Exchanges – The procedure for an exchange in regards to a sales tax holiday is as
14 follows:

15 (a) If a customer purchases as item of eligible property during the exemption period, but
16 later exchanges the item for a similar eligible item, even if a different size, different color, or
17 other feature, no additional tax is due even if the exchange is made after the exemption period.

18 (b) If a customer purchase an item of eligible property during the exemption period, but
19 after the exemption period has ended, the customer returns the item and receives credit on the
20 purchase of a different item, the appropriate sales tax is due on the sale of the newly purchased
21 item.

22 (c) If a customer purchases an item of eligible property before the exemption period, but
23 during the exemption period the customer returns the item and receives credit on the purchase of
24 a different item of eligible property, no sales tax is due on the sale of the new item if the new item
25 is purchased during the exemption period.

26 (7) Delivery charges – Delivery charges, including shipping, handling and service
27 charges, are part of the sales price of eligible property unless a member state defines “sales price”
28 to exclude such charges. For the purposes of determining a sales tax holiday price threshold, if
29 all the property in a shipment qualifies as eligible property and the sales price for each item in the
30 shipment is within the sales tax holiday price threshold, then the seller does not have to allocate
31 the delivery, handling, or service charge to determine if the price threshold is exceeded. The
32 shipment will be considered a sale of eligible products. If the shipment includes eligible property
33 and taxable property (including an eligible item with a sales price in excess of the price
34 threshold), the seller should allocate the delivery charge by using:

1 (a) a percentage based on the total sales prices of the taxable property compared to the
2 total sales prices of all property in the shipment; or

3 (b) a percentage based on the total weight of the taxable property compared to the total
4 weight of all property in the shipment.

5 The seller must tax the percentage of the delivery charge allocated to the taxable property
6 but does not have to tax the percentage allocated to the eligible property.

7 (8) Order date and back orders – For the purpose of a sales tax holiday, eligible property
8 qualifies for exemption if:

9 (a) the item is both delivered to and paid for by the customer during the exemption
10 period; or

11 (b) the customer orders and pays for the item and the seller accepts the order during the
12 exemption period for immediate shipment, even if delivery is made after the exemption period.

13 The seller accepts an order when the seller has taken action to fill the order for immediate
14 shipment. Actions to fill an order include placement of an “in date” stamp on a mail order or
15 assignment of an “order number” to a telephone order. An order is for immediate shipment when
16 the customer does not request delayed shipment. An order is for immediate shipment
17 notwithstanding that the shipment may be delayed because of a backlog of orders or because
18 stock is currently unavailable to, or on back order by, the seller.

19 (9) Returns – For a 60-day period immediately after the sales tax holiday exemption
20 period, when a customer returns an item that would qualify for the exemption, no credit for or
21 refund of sales tax shall be given unless the customer provides a receipt or invoice that shows tax
22 was paid, or the seller has sufficient documentation to show that tax was paid on the specific
23 item. This 60-day period is set solely for the purpose of designating a time period during which
24 the customer must provide documentation that shows that sales tax was paid on returned
25 merchandise. The 60-day period is not intended to change a seller’s policy on the time period
26 during which the seller will accept returns.

27 (10) Different time zones – The time zone of the seller’s location determines the
28 authorized time period for a sales tax holiday when the purchaser is located in one time zone and
29 a seller is located in another.

30 **44-18.1-24. Caps and Thresholds.** — (A) Each member state shall:

31 (1) Not have caps or thresholds on the application of state sales or use tax rates or
32 exemptions that are based on the value of the transaction or item after December 31, 2005. A
33 member state may continue to have caps and thresholds until that date.

34 (2) Not have caps that are based on the application of the rates unless the member state

1 assumes the administrative responsibility in a manner that places no additional burden on the
2 retailer.

3 (B) Each member state that has local jurisdictions that levy a sales or use tax shall not
4 place caps or thresholds on the application of local rates or use tax rates or exemptions that are
5 based on the value of the transaction or item after December 31, 2005. A member state may
6 continue to have caps and thresholds until that date.

7 (C) The provisions of this section do not apply to sales or use taxes levied on the retail
8 sale or transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or
9 mobile homes or to instances where the burden of administration has been shifted from the
10 retailer.

11 **44-18.1-25. Rounding Rule.** — (A) After December 31, 2005, each member state shall
12 adopt a rounding algorithm that meets the following criteria:

13 (1) Tax computation must be carried to the third decimal place, and

14 (2) The tax must be rounded to a whole cent using a method that rounds up to the next
15 cent whenever the third decimal place is greater than four.

16 (B) Each state shall allow sellers to elect to compute the tax due on a transaction on an
17 item or an invoice basis, and shall allow the rounding rule to be applied to the aggregated state
18 and local taxes. No member state shall require a seller to collect tax based on a bracket system.

19 **44-18.1-26. Customer Refund Procedures.** — (A) These customer refund procedures
20 are provided to apply when a state allows a purchaser to seek a return of over-collected sales or
21 use taxes from the seller.

22 (B) Nothing in this section shall either require a state to provide, or prevent a state from
23 providing, a procedure by which a purchaser may seek a refund directly from the state arising out
24 of sales or use taxes collected in error by a seller from the purchaser. Nothing in this section shall
25 operate to extend any person's time to seek a refund of sales or use taxes collected or remitted in
26 error.

27 (C) These customer refund procedures provide the first course of remedy available to
28 purchasers seeking a return of over-collected sales or use taxes from the seller. A cause of action
29 against the seller for the over-collected sales or use taxes does not accrue until a purchaser has
30 provided written notice to a seller and the seller has had sixty days to respond. Such notice to the
31 seller must contain the information necessary to determine the validity of the request.

32 (D) In connection with a purchaser's request from a seller of over-collected sales or use
33 taxes, a seller shall be presumed to have a reasonable business practice, if in the collection of
34 such sales or use taxes, the seller: (i) uses either a provider or a system, including a proprietary

1 system, that is certified by the state; and (ii) has remitted to the state all taxes collected less any
2 deductions, credits, or collection allowances.

3 **44-18.1-27. Direct Pay Permits.** — Each member state shall provide for a direct pay
4 authority that allows the holder of a direct. pay permit to purchase otherwise taxable goods and
5 services without payment of tax to the supplier at the time of purchase. The holder of the direct
6 pay permit will make a determination of the taxability and then report and pay the applicable tax
7 due directly to the tax jurisdiction. Each state can set its own limits and requirements for the
8 direct pay permit. The governing board shall advise member states when setting state direct pay
9 limits and requirements, and shall consider use of the Model Direct Payment Permit Regulation
10 as developed by the Task Force on EDI Audit and Legal Issues for Tax Administration.

11 **44-18.1-28. Library of Definitions.**— Each member state shall utilize common
12 definitions as provided in this section. The terms defined are set out in the Library of Definitions,
13 in Appendix C of the Streamlined Sales and Use Tax Agreement. A member state shall adhere to
14 the following principles:

15 (A) If a term defined in the Library of Definitions appears in a member state’s sales and
16 use tax statutes or administrative rules or regulations, the member state shall enact or adopt the
17 Library definition of the term in its statutes or administrative rules or regulations in substantially
18 the same language as the Library definition.

19 (B) A member state shall not use a Library definition in its sales or use tax statutes or
20 administrative rules or regulations that is contrary to the meaning of the Library definition.

21 (C) Except as specifically provided in Section 44-18.1-16 and the Library of Definitions,
22 a member state shall impose a sales or use tax on all products or services included within each
23 definition or exempt from sales or use tax all products or services within each definition.

24 **44-18.1-29. Taxability Matrix.** — (A) To ensure uniform application of terms defined
25 in the Library of Definitions each member state shall complete a taxability matrix adopted by the
26 governing board. The member state’s entries in the matrix shall be provided and maintained in a
27 database that is in a downloadable format approved by the governing board. A member state
28 shall provide notice of changes in the taxability of the products or services listed in the taxability
29 matrix as required by the governing board.

30 (B) A member state shall relieve sellers and CSPs from liability to the member state and
31 its local jurisdictions for having charged and collected the incorrect amount of sales or use tax
32 resulting from the seller or CSP relying on erroneous data provided by the member state in the
33 taxability matrix.

34 **44-18.1-30. Effective Date for Rate Changes.** — Each member state shall provide that

1 the effective date of rate changes for services covering a period starting before and ending after
2 the statutory effective date shall be as follows:

3 (A) For a rate increase, the new rate shall apply to the first billing period starting on or
4 after the effective date.

5 (B) For a rate decrease, the new rate shall apply to bills rendered on or after the effective
6 date.

7 **44-18.1-31. Bundled Transactions.** — (A) A member state shall adopt and utilize to
8 determine tax treatment, the core definition for a “bundled transaction”. See Section 44-18-
9 7.1(c).

10 (B) Member states are not restricted in their tax treatment of bundled transactions except
11 as otherwise provided in the Agreement. Member states are not restricted in their ability to treat
12 some bundled transactions differently from other bundled transactions.

13 (C) In the case of a bundled transaction that includes any of the following:
14 telecommunication service, ancillary service, internet access, or audio or video programming
15 service:

16 (1) If the price is attributable to products that are taxable and products that are
17 nontaxable, the portion of the price attributable to the nontaxable products may be subject to tax
18 unless the provider can identify by reasonable and verifiable standards such portion from its
19 books and records that are kept in the regular course of business for other purposes, including, but
20 not limited to, non-tax purposes.

21 (2) If the price is attributable to products that are subject to tax at different tax rates, the
22 total price may be treated as attributable to the products subject to tax at the highest tax rate
23 unless the provider can identify by reasonable and verifiable standards the portion of the price
24 attributable to the products subject to tax at the lower rate from its books and records that are kept
25 in the regular course of business for other purposes, including, but not limited to, non-tax
26 purposes.

27 **44-18.1-32. Seller Participation.** — (A) The member states shall provide an online
28 registration system that will allow sellers to register in all the member states.

29 (B) By registering, the seller agrees to collect and remit sales and use taxes for all taxable
30 sales into the member states, including member states joining after the seller’s registration.
31 Withdrawal or revocation of a member state shall not relieve a seller of its responsibility to remit
32 taxes previously or subsequently collected on behalf of the state.

33 (C) In member states where the seller has a requirement to register prior to registering
34 under the Agreement, the seller may be required to provide additional information to complete

1 the registration process or the seller may choose to register directly with those states.

2 (D) A member state or a state that has withdrawn or been expelled shall not use
3 registration with the central registration system and the collection of sales and use taxes in the
4 member states as a factor in determining whether the seller has nexus with that state for any tax at
5 any time.

6 **44-18.1.33. Amnesty for Registration.** — (A) Subject to the limitations in this section.

7 (1) A member state shall provide amnesty for uncollected or unpaid sales or use tax to a
8 seller who registers to pay or to collect and remit applicable sales or use tax on sales made to
9 purchasers in the state in accordance with the terms of the Agreement, provided that the seller
10 was not so registered in that state in the twelve-month period preceding the effective date of the
11 state's participation in the Agreement

12 (2) The amnesty will preclude assessment for uncollected or unpaid sales or use tax
13 together with penalty or interest for sales made during the period the seller was not registered in
14 the state, provided registration occurs within twelve months of the effective date of the state's
15 participation in the Agreement.

16 (3) Amnesty similarly shall be provided by any additional state that joins the Agreement
17 after the seller has registered.

18 (B) The amnesty is not available to a seller with respect to any matter or matters for
19 which the seller received notice of the commencement of an audit and which audit is not yet
20 finally resolved including any related administrative and judicial processes.

21 (C) The amnesty is not available for sales or use taxes already paid or remitted to the
22 state or to taxes collected by the seller.

23 (D) The amnesty is fully effective, absent the seller's fraud or intentional
24 misrepresentation of a material fact, as long as the seller continues registration and continues
25 payment or collection and remittance of applicable sales or use taxes for a period of at least
26 thirty-six months. Each member state shall toll its statute of limitations applicable to asserting a
27 tax liability during this thirty-six month period.

28 (E) The amnesty is applicable only to sales or use taxes due from a seller in its capacity
29 as a seller and not to sales or use taxes due from a seller in its capacity as a buyer.

30 (F) A member state may allow amnesty on terms and conditions more favorable to a
31 seller than the terms required by this section.

32 **44-18.1.34. Method of Remittance.** — When registering, the seller may select one of
33 the following methods of remittances or other method allowed by state law to remit the taxes
34 collected:

1 (A) MODEL 1, where a seller selects a CSP as an agent to perform all the seller's sales or
2 use tax functions, other than the seller's obligation to remit tax on its own purchases.

3 (B) MODEL 2, wherein a seller selects a CAS to use which calculates the amount of tax
4 due on a transaction.

5 (C) MODEL 3, wherein a seller utilizes its own proprietary automated sales tax system
6 that has been certified as a CAS.

7 **44-18.1-35. Registration by an Agent.** — A seller may be registered by an agent. Such
8 appointment shall be in writing and submitted to a member state if requested by the member state.

9 **44-18.1-36. Monetary Allowance Under Model 1.** — (A) Each member state shall
10 provide a monetary allowance to a CSP in Model 1 in accordance with the terms of the contract
11 between the governing board and the CSP. The details of the monetary allowance will be
12 provided through the contract process. The governing board shall require that such allowance be
13 funded entirely from money collected in Model 1.

14 (B) The contract between the governing board and a CSP may base the monetary
15 allowance to a CSP on one or more of the following:

16 (1) A base rate that applies to taxable transactions processed by the CSP.

17 (2) For a period not to exceed twenty-four months following a voluntary seller's
18 registration through the Agreement's central registration process, a percentage of tax revenue
19 generated for a member state by the voluntary seller for each member state for which the seller
20 does not have a requirement to register to collect the tax.

21 **44-18.1-37. Monetary Allowance for Model 2 Sellers.** — The member states initially
22 anticipate that they will provide a monetary allowance to sellers under Model 2 based on the
23 following:

24 (A) All sellers shall receive a base rate for a period not to exceed twenty-four months
25 following the commencement of participation by a seller. The base rate will be set after the base
26 rate has been established for Model 1. This allowance will be in addition to any discount
27 afforded by each member state at the time.

28 (B) The member states anticipate a monetary allowance to a Model 2 Seller based on the
29 following:

30 (1) For a period not to exceed twenty-four months following a voluntary seller's
31 registration through the Agreement's central registration process, a percentage of tax revenue
32 generated for a member state by the voluntary seller for each member state for which the seller
33 does not have a requirement to register to collect the tax.

34 (2) Following the conclusion of the twenty-four month period, a seller will only be

1 [entitled to a vendor discount afforded under each member state's law at the time the base rate](#)
2 [expires.](#)

3 **44-18.1-38. Monetary Allowance for Model 3 Sellers and All Other Sellers.** — [The](#)
4 [member states anticipate that they will provide a monetary allowance to sellers under Model 3](#)
5 [and to all other sellers that are not under Models 1 or 2 based on the following:](#)

6 [\(A\) For a period not to exceed twenty-four months following a voluntary seller's](#)
7 [registration through the Agreement's central registration process, a percentage of tax revenue](#)
8 [generated for a member state by the voluntary seller for each member state for which the seller](#)
9 [does not have a requirement to register to collect the tax.](#)

10 [\(B\) Vendor discounts afforded under each member state's law.](#)

11 SECTION 13. Section 44-59-10 of the General Laws in Chapter 44-59 entitled "Uniform
12 Sales And Use Tax Administration Act" is hereby amended to read as follows:

13 **44-59-10. Sunset provision.** -- This chapter shall be repealed on June 30, 200~~6~~⁷, without
14 further action by the general assembly, if the statutory amendments to the sales and use tax law
15 necessary to bring this state into compliance with the Streamlined Sales and Use Tax Agreement
16 are not enacted by the general assembly by ~~June 30, 2006~~ [January 1, 2007](#).

17 SECTION 14. RESOLVED, That a special legislative commission be and the same is
18 hereby created consisting of eight (8) members two (2) of whom shall be from the house of
19 representatives, not more than one from the same political party to be appointed by the speaker;
20 two (2) of whom shall be from the senate, not more than one from the same political party to be
21 appointed by the president; one of whom shall be the chairman of the house finance committee,
22 or designee; one of whom shall be the chairman of the senate finance committee, or designee; and
23 one of whom shall be the state tax administrator, or designee, and one of whom shall be the chief
24 of the office of revenue analysis or designee.

25 The purpose of said commission shall be to study all aspects of the state sales tax and
26 shall include, but not be limited to: (1) evaluating the business and economic impact of an
27 adjustment to the sales tax rate; (2) a determination of what rate will make the state of Rhode
28 Island the most competitive in the region; (3) an analysis of streamlining sales tax agreements
29 among the states; (4) a determination whether the sales tax shall be expanded into goods or
30 services not covered by existing law; and (5) evaluating whether a reduction in the tax rates
31 consistent with a rate reduction beginning January 1, 2008 of one quarter percent (.25%) per year
32 continuing to January 1, 2014 until such time as the tax rate shall be five percent (5%) is
33 economically feasible for the state of Rhode Island.

34 Forthwith upon passage of this resolution, the members of the commission shall meet at

1 the call of the speaker of the house and president of the senate. The chairpersons of the house and
2 senate finance committees shall act as co-chairpersons. Vacancies in said commission shall be
3 filled in like manner as the original appointment.

4 The membership of said commission shall receive no compensation for their services.

5 All departments and agencies of the state shall furnish such advice and information,
6 documentary and otherwise, to said commission and its agent as is deemed necessary or desirable
7 by the commission to facilitate the purposes of this resolution.

8 The speaker of the house is hereby authorized and directed to provide suitable quarters
9 for said commission; and be it further

10 RESOLVED, That the commission shall report its findings and recommendations to the
11 general assembly on or before June 30, 2007 and said commission shall expire on August 31,
12 2007.

13 SECTION 15. Section 44-20-13.2 of the General Laws in Chapter 44-20 entitled
14 "Cigarette Tax" is hereby amended to read as follows:

15 **44-20-13.2. Tax imposed on smokeless tobacco, cigars, and pipe tobacco products.** –

16 (a) A tax is imposed on all smokeless tobacco, cigars, and pipe tobacco products sold or held for
17 sale in the state by any person, the payment of the tax to be accomplished according to a
18 mechanism established by the administrator, division of taxation, department of administration.
19 Any tobacco product on which the proper amount of tax provided for in this chapter has been
20 paid, payment being evidenced by a stamp, is not subject to a further tax under this chapter. The
21 tax imposed by this section is at the rate of forty percent (40%) of the wholesale cost of
22 smokeless tobacco, cigars, and pipe tobacco products. The proceeds collected are paid into the
23 general fund.

24 (b) Notwithstanding the forty percent (40%) rate in subsection (a) above, in the case of
25 cigars, the tax shall not exceed fifty cents (\$.50) for each cigar for the period July 1, 2006 through
26 June 30, 2008.

27 SECTION 16. Sections 44-20-1 and 44-20-13.2 of the General Laws in Chapter 44-20
28 entitled "Cigarette Tax" are hereby amended to read as follows:

29 **44-20-1. Definitions.** – Whenever used in this chapter, unless the context requires
30 otherwise:

31 (1) "Administrator" means the tax administrator;

32 (2) "Cigarettes" means and includes any cigarettes suitable for smoking in cigarette
33 form, and each sheet of cigarette rolling paper;

34 (3) "Dealer" means any person other than a distributor who is engaged in this state in the

1 business of selling cigarettes;

2 (4) (i) "Distributor" means any person:

3 (A) Engaged in this state in the business of manufacturing cigarettes or any person
4 engaged in the business of selling cigarettes to dealers, or to other persons, for the purpose of
5 resale only; provided, that seventy-five percent (75%) of all cigarettes sold by that person in this
6 state are sold to dealers or other persons for resale;

7 (B) Selling cigarettes directly to consumers at retail, and maintaining one or more
8 regular places of business in this state for that purpose; provided, that seventy-five percent (75%)
9 of the sold cigarettes are purchased directly from the manufacturer; or

10 (C) Selling cigarettes directly to consumers in this state by means of at least twenty-five
11 (25) cigarette vending machines;

12 (ii) Provided, that any person who owns or maintains five (5) or more retail outlets in
13 Rhode Island, having one hundred percent (100%) common ownership, through which cigarettes
14 are sold at retail may apply for a distributor's license, and upon issuance of the license, that
15 person is deemed to be a distributor under this chapter;

16 (5) "Licensed dealer" means a dealer licensed under the provisions of this chapter;

17 (6) "Licensed distributor" means a distributor licensed under the provisions of this
18 chapter;

19 (7) "Person" means any individual, firm, fiduciary, partnership, corporation, trust, or
20 association, however formed;

21 (8) "Place of business" means and includes any place where cigarettes are sold or where
22 cigarettes are stored or kept for the purpose of sale or consumption, including any vessel, vehicle,
23 airplane, train, or vending machine;

24 (9) "Sale" or "sell" includes and applies to gifts, exchanges, and barter;

25 (10) "Snuff" means any finely cut, ground, or powdered tobacco that is not intended to be
26 smoked;

27 ~~(10)~~ (11) "Stamp" means the impression, device, stamp, label, or print manufactured,
28 printed, or made as prescribed by the administrator to be affixed to packages of cigarettes, as
29 evidence of the payment of the tax provided by this chapter; and also includes impressions made
30 by metering machines authorized to be used under the provisions of this chapter.

31 **44-20-13.2. Tax imposed on smokeless tobacco, cigars, and pipe tobacco products. --**

32 A tax is imposed on all smokeless tobacco, cigars, and pipe tobacco products sold or held for sale
33 in the state by any person, the payment of the tax to be accomplished according to a mechanism
34 established by the administrator, division of taxation, department of administration. Any tobacco

1 product on which the proper amount of tax provided for in this chapter has been paid, payment
2 being evidenced by a stamp, is not subject to a further tax under this chapter. The tax imposed by
3 this section shall be as follows: ~~is at~~

4 (a) At the rate of forty percent (40%) of the wholesale cost of ~~smokeless tobacco~~, cigars,
5 ~~and~~ pipe tobacco products, and smokeless tobacco other than snuff.

6 (b) At the rate of one dollar (\$1.00) per ounce of snuff, and a proportionate tax at the like
7 rate on all fractional parts of an ounce thereof. Such tax shall be computed based on the net
8 weight as listed by the manufacturer, provided, however, that any product listed by the
9 manufacturer as having a net weight of less than 1.2 ounces shall be taxed as if the product has a
10 net weight of 1.2 ounces.

11 The proceeds collected are paid into the general fund.

12 SECTION 17. Section 42-64-20 of the General Laws in Chapter 42-64 entitled "Rhode
13 Island Economic Development Corporation" is hereby amended to read as follows:

14 **42-64-20. Exemption from taxation.** -- (a) The exercise of the powers granted by this
15 chapter will be in all respects for the benefit of the people of this state, the increase of their
16 commerce, welfare, and prosperity and for the improvement of their health and living conditions
17 and will constitute the performance of an essential governmental function and the corporation
18 shall not be required to pay any taxes or assessments upon or in respect of any project or of any
19 property or moneys of the corporation, levied by any municipality or political subdivision of the
20 state; provided, that the corporation shall make payments in lieu of real property taxes and
21 assessments to municipalities and political subdivisions with respect to projects of the corporation
22 located in the municipalities and political subdivisions during those times that the corporation
23 derives revenue from the lease or operation of the projects. Payments in lieu of taxes shall be in
24 amounts agreed upon by the corporation and the affected municipalities and political
25 subdivisions. Failing the agreement, the amounts of payments in lieu of taxes shall be determined
26 by the corporation using a formula that shall reasonably ensure that the amounts approximate the
27 average amount of real property taxes due throughout the state with respect to facilities of a
28 similar nature and size. Any municipality or political subdivision is empowered to accept at its
29 option an amount of payments in lieu of taxes less than that determined by the corporation. If,
30 pursuant to section 42-64-13(f), the corporation shall have agreed with a municipality or political
31 subdivision that it shall not provide all of the specified services, the payments in lieu of taxes
32 shall be reduced by the cost incurred by the corporation or any other person in providing the
33 services not provided by the municipality or political subdivision.

34 (b) The corporation shall not be required to pay state taxes of any kind, and the

1 corporation, its projects, property, and moneys and, except for estate, inheritance, and gift taxes,
2 any bonds or notes issued under the provisions of this chapter and the income (including gain
3 from sale or exchange) from these shall at all times be free from taxation of every kind by the
4 state and by the municipalities and all political subdivisions of the state. The corporation shall not
5 be required to pay any transfer tax of any kind on account of instruments recorded by it or on its
6 behalf.

7 (c) For purposes of the exemption from taxes and assessments upon or in respect of any
8 project under subsections (a) or (b) of this section, the corporation shall not be required to hold
9 legal title to any real or personal property, including any fixtures, furnishings or equipment which
10 are acquired and used in the construction and development of the project, but the legal title may
11 be held in the name of a lessee (including sublessees) from the corporation. This property, which
12 shall not include any goods or inventory used in the project after completion of construction, shall
13 be exempt from taxation to the same extent as if legal title of the property were in the name of the
14 corporation; provided that the board of directors of the corporation adopts a resolution confirming
15 use of the tax exemption for the project by the lessee. No resolution shall be adopted without the
16 prior approval of the general assembly. The resolution shall include findings that: (1) the project
17 is a project of the corporation under section 42-64-3(20), and (2) it is in the interest of the
18 corporation and of the project that legal title be held by the lessee from the corporation. In
19 adopting the resolution, the board of directors may consider any factors it deems relevant to the
20 interests of the corporation or the project including, for example, but without limitation, reduction
21 in potential liability or costs to the corporation or designation of the project as a "Project of
22 Critical Economic Concern" pursuant to Chapter 117 of this title.

23 SECTION 18. Chapter 42-64 of the General Laws entitled "Rhode Island Economic
24 Development Corporation" is hereby amended by adding thereto the following section:

25 **42-64-20.1. Procedure.** – (a) A resolution by board of directors of the corporation that
26 adopts confirming use of the tax exemption for a project by the lessee as required in section 42-
27 64-20(c) shall be deemed to have been approved by the general assembly when the general
28 assembly passes a concurrent resolution of approval which the corporation requests that, the
29 resolution adopting confirming use of the tax exemption for a project by the lessee, be approved
30 by the general assembly. These requests shall be transmitted to the speaker of the house and the
31 president of the senate with copies to the chairpersons of the respective finance committees, and
32 fiscal advisors. The request for approval shall include:

33 (1) A full description of the project to which the tax exemption is related;

34 (2) The corporation's findings required by section 42-62-10(1); and

1 [\(3\) The corporation's analysis of impact required by section 42-64-10\(2\).](#)

2 SECTION 19 Section 45-37.1-9 of the General Laws in Chapter 45-37.1 entitled
3 "Industrial Facilities Corporation" is hereby amended to read as follows:

4 **45-37.1-9. Exemption from taxation.** -- (a) The exercise of the powers granted by this
5 chapter will be in all respects for the benefit of the people of this state, for the increase of their
6 commerce, welfare and prosperity, and for the improvement of their health and living conditions,
7 and will constitute the performance of an essential government function, and the corporation is
8 not required to pay any taxes or assessments upon or in respect of a project, or any property or
9 moneys of the corporation, levied by any municipality or political subdivision of the state, nor is
10 the corporation required to pay state taxes of any kind, and the corporation, its projects, property,
11 and moneys, and any bonds and notes issued under the provisions of this chapter, their transfer
12 and the income from them, including any profit made on their sale, are at all times free from
13 taxation of every kind by the state and by the municipalities and all other political subdivisions of
14 the state, and the corporation is not required to pay any transfer tax of any kind on account of
15 instruments recorded by or on its behalf or in connection with the financing of any of its projects;
16 provided, that any person, partnership, corporation, or concern leasing a project from the
17 corporation shall pay to the city, town, school district, or other political subdivision or special
18 district having taxing powers, in which the project is located, a payment in lieu of taxes which
19 equals the taxes on real and personal property which the lessee would have been required to pay,
20 had it been the owner of the property during the period for which the payment is made, and under
21 no circumstances are the corporation or its projects, properties, money, bonds, or notes obligated,
22 liable, or subject to a lien of any kind for their enforcement, collection, or payment; and provided,
23 further, that in the case of any person, partnership, corporation, or concern leasing a project from
24 the corporation any such person, partnership, corporation or concern so leased shall be exempt
25 from payment of state sales tax applicable to materials used in construction of such a facility only
26 to the extent that the costs of such materials do not exceed the amount financed through the
27 corporation [and the exemption has the prior approval of the general assembly.](#)

28 (b) If and to the extent the proceedings under which the bonds or notes authorized to be
29 issued under the provisions of this chapter so provide, the corporation may agree to cooperate
30 with the lessee of a project in connection with any administrative or judicial proceedings for
31 determining the validity or amount of payments, and may agree to appoint or designate and
32 reserve the right in and for the lessee to take all action which the corporation may lawfully take in
33 respect of those payments and all matters relating to them, provided, that the lessee bears and pay
34 all costs and expenses of the corporation thereby incurred at the request of the lessee or by reason

1 of any action taken by the lessee in behalf of the corporation. Any lessee of a project, which has
2 paid the amounts in lieu of taxes required by the first sentence of this section, is not required to
3 pay any taxes for which a payment in lieu thereof has been made to the state or to any city, town,
4 school district, or other political subdivision or special district having taxing powers,
5 notwithstanding any other statute to the contrary.

6 SECTION 20. Chapter 45-37.1 of the General Laws entitled "Industrial Facilities
7 Corporation" is hereby amended by adding thereto the following section:

8 **45-37.1-9.1. Procedure.** – (a) An exemption from payment of state sales tax applicable
9 to materials used in construction of a facility only to the extent that the costs of such materials do
10 not exceed the amount financed through the corporation as required in section 45-37.1-9 shall be
11 deemed to have been approved by the general assembly when the general assembly passes a
12 concurrent resolution of approval which the corporation requests, that the exemption from
13 payment of state sales tax applicable to materials used in construction of a facility only to the
14 extent that the costs of such materials do not exceed the amount financed through the corporation,
15 be approved by the general assembly. These requests shall be transmitted to the speaker of the
16 house and the president of the senate with copies to the chairpersons of the respective finance
17 committees and fiscal advisors. The request for approve shall include:

18 (1) A full description of the project to which the tax exemption is related; and
19 (2) The corporation's analysis of the impact of the proposed project will or may have on
20 the state. The analysis shall be supported by such appropriate data and documentation and shall
21 consider, but not be limited to, the following factors:

22 (i) The impact on the industry or industries in which the completed project will be
23 involved;

24 (ii) State fiscal matters, including the state budget (revenues and expenses);

25 (iii) The financial exposure of the taxpayers of the state under the plans for the proposed
26 project and negative foreseeable contingencies that may arise therefrom;

27 (iv) The approximate number of jobs projected to be created, construction and
28 nonconsturction;

29 (v) Identification of geographic sources of the staffing for identified jobs;

30 (vi) The projected duration of the identified construction jobs;

31 (vii) The approximate wage rates for the identified jobs;

32 (viii) The types of fringe benefits to be provided with the identified jobs, including
33 healthcare insurance and any retirement benefits;

34 (ix) The projected fiscal impact on increased personal income taxes to the state of Rhode

1 Island; and

2 (x) The description of any plan or process intended to stimulate hiring from the host
3 community, training of employees or potential employees and outreach to minority job applicants
4 and minority businesses.

5 SECTION 21. Section 4 of this article shall take effect on June 30, 2005. Sections 9, 10,
6 11 and 12 shall take effect on January 1, 2007. Section 15 shall take effect upon passage and shall
7 be effective from July 1, 2006 through June 30, 2008. Section 16 shall take effect on July 1, 2006.
8 The remainder of this article shall take effect upon passage.

9

1 **ARTICLE 32 SUBSTITUTE A AS AMENDED**

2 RELATING TO HUMAN SERVICES -- FAMILY INDEPENDENCE ACT

3 SECTION 1. Sections 40-5.1-8, 40-5.1-9, 40-5.1-17 and 40-5.1-18 of the General Laws
4 in Chapter 40-5.1 entitled "Family Independence Act" are hereby amended to read as follows:

5 **§ 40-5.1-8. Eligibility for cash assistance.** – (a)(1) Except as otherwise provided for in
6 this section, no person shall be included in any family for purposes of determining eligibility for
7 or the amount of cash to which a family is entitled under this chapter, unless the person is a
8 resident of the state and is: (A) either a citizen; or (B) lawfully admitted for permanent residence
9 before August 22, 1996, or (C) otherwise lawfully entitled to reside in the United States before
10 August 22, 1996 and is determined to have a status within the meaning of the term "qualified
11 alien", or an exception thereto, under § 402(b) of the Personal Responsibility and Work
12 Opportunity Reconciliation Act of 1996 (Public Laws No. 104-193), and as that section may
13 hereafter be amended; or (D) an alien who on or after August 22, 1996 is determined to have a
14 status within the meaning of the term "qualified alien", or an exception thereto, under § 402(b) of
15 the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Laws No.
16 104-193), and as that section may hereafter be amended.

17 (2) An alien who does not meet the citizenship or alienage criteria in subsection (a)(1)
18 above, who was lawfully residing in the United States before August 22, 1996 and who is a
19 resident of this state prior to July 1, 1997, shall be eligible for cash assistance under this chapter
20 without regard to the availability of federal funding; provided, however, that the person meets all
21 other eligibility requirements under this chapter.

22 (3) No person shall be ineligible for assistance payments under this chapter due solely to
23 the restricted eligibility rules otherwise imposed by section 115(a)(2) of the Personal
24 Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Laws No. 104-193) and
25 as that section may hereafter be amended.

26 (b) No family shall be eligible for assistance payments if the combined value of its
27 available resources (reduced by any obligations or debts with respect to such resources) exceed
28 one thousand dollars (\$1,000). For purposes of this subsection, the following shall not be counted
29 as resources of the family:

30 (1) The home owned and occupied by a child, parent, relative or other individual;

1 (2) Real property owned by a husband and wife as tenants by the entirety, if the property
2 is not the home of the family and if the spouse of the applicant refuses to sell his or her interest in
3 the property;

4 (3) Real property which the family is making a good faith effort to dispose of, but any
5 aid payable to the family for any such period shall be conditioned upon such disposal and any
6 payments of aid for that period shall (at the time of disposal) be considered overpayments to the
7 extent that they would not have occurred at the beginning of the period for which the payments
8 were made. Any overpayments that may have occurred are debts subject to recovery in
9 accordance with the provisions of § 40-5.1-28;

10 (4) Income producing property other than real estate including but not limited to
11 equipment such as farm tools, carpenter's tools and vehicles used in the production of goods or
12 services which the department determines are necessary for the family to earn a living;

13 (5) One (1) vehicle for each adult household member but not to exceed two (2) vehicles
14 per household, and in addition, a vehicle used primarily for income producing purposes such as
15 but not limited to a taxi, truck or fishing boat; a vehicle used as a family's home; a vehicle which
16 annually produces income consistent with its fair market value, even if only used on a seasonal
17 basis; a vehicle necessary to transport a family member with a disability where the vehicle is
18 specially equipped to meet the specific needs of the person with a disability or if the vehicle is a
19 special type of vehicle that makes it possible to transport the person with a disability;

20 (6) Household furnishings and appliances, clothing, personal effects and keepsakes of
21 limited value;

22 (7) Burial plots (one for each child, relative, and other individual), and funeral
23 arrangements;

24 (8) For the month of receipt and the following month, any refund of federal income taxes
25 made to the family by reason of § 32 of the Internal Revenue Code of 1986, 26 U.S.C. § 32,
26 (relating to earned income tax credit), and any payment made to the family by an employer under
27 § 3507 of the Internal Revenue Code of 1986, 26 U.S.C. § 3507 (relating to advance payment of
28 such earned income credit);

29 (9) The resources of any family member receiving supplementary security income
30 assistance under the Social Security Act, 42 U.S.C. § 301 et seq.

31 (c) [Deleted by P.L. 2003, ch. 376, art. 12, § 1.]

32 (d) (1) Except as otherwise provided for in this section, no person shall be included in
33 any family for purposes of determining eligibility for or the amount of cash to which a family is
34 entitled under this chapter, if that person after attaining eighteen (18) years of age, has received

1 cash assistance under this chapter for a total of sixty (60) months (whether or not consecutive) to
2 include any time receiving family cash assistance in any other state or territory of the United
3 States of America as defined herein. ~~The limitation in the preceding sentence only shall apply~~
4 ~~only if required by federal statute or regulation.~~

5 Family cash assistance in any other state or territory of the United States of America shall
6 be determined by the Department of Human Services and shall include family cash assistance
7 funded in whole or in part by Temporary Assistance for Needy Families (TANF) funds [Title IV-
8 A of the federal Social Security Act, 42 U.S.C. section 601 et seq.] and/or family cash assistance
9 provided under a program similar to the Family Independence Act or the federal TANF program.

10 (2) In calculating the sixty (60) month limit imposed in subsection (d)(1), the department
11 shall disregard any month for which assistance was provided with respect to a minor parent or
12 minor pregnant woman during those months when the individual was a minor child, or a parent
13 employed an average of thirty (30) or more hours per week during a month in a single parent
14 family, or an average of thirty-five (35) hours per week during a month for a two parent family.

15 (3) The department may exempt a family from the application of subsection (d)(1) or
16 (d)(2) by reason of hardship; provided, however, that the number of such families to be exempted
17 by the department under this subsection shall not exceed twenty percent (20%) of the average
18 monthly number of families to which assistance is provided for under this chapter in a fiscal year;
19 provided, however, that to the extent now or hereafter permitted by federal law any waiver
20 granted under § 40-5.1-46(a) shall not be counted in determining the twenty percent (20%)
21 maximum under this section.

22 (e) Notwithstanding any other provision of this chapter, the amount of cash to which a
23 family is entitled under the chapter shall be reduced by thirty percent (30%) until the family has
24 been a resident of the state for twelve (12) consecutive months; provided, however, that no
25 member of the family who has been a resident of the state for twelve (12) consecutive months or
26 longer shall have his or her benefit reduced under this subsection.

27 (f) A family:

28 (i) Consisting of a parent who is under the age of eighteen (18) (minor parent); and

29 (ii) Who has never been married; and

30 (iii) Who has a child, or a family which consists of a woman under the age of eighteen
31 (18) who is at least six months pregnant (pregnant minor), shall be eligible for cash assistance
32 only if such family resides in the home of a parent, legal guardian or other adult relative. Such
33 assistance shall be provided to the parent, legal guardian, or other adult relative on behalf of the
34 individual and child unless otherwise authorized by the department.

1 (2) Subdivision (1) shall not apply if:

2 (i) The minor parent or pregnant minor has no parent, legal guardian or other adult
3 relative who is living and or whose whereabouts are known;

4 (B) The department determines that the physical or emotional health or safety of the
5 minor parent, or his or her child, or the pregnant minor, would be jeopardized if he or she was
6 required to live in the same residence as his or her parent, legal guardian or other adult relative
7 (refusal of a parent, legal guardian or other adult relative to allow the minor parent or his or her
8 child, or a pregnant minor, to live in his or her home shall constitute a rebuttable presumption that
9 the health or safety would be so jeopardized);

10 (C) The minor parent or pregnant minor has lived apart from his or her own parent or
11 legal guardian for a period of at least one year before either the birth of any child to a minor
12 parent or the onset of the pregnant minor's pregnancy; or

13 (D) There is good cause, under departmental regulations, for waiving the subsection; and

14 (ii) The individual resides in supervised supportive living arrangement to the extent
15 available. For purposes of this section "supervised supportive living arrangement" means an
16 arrangement which:

17 (A) Requires teen parents to enroll and make satisfactory progress in a program leading
18 to a high school diploma or a general education development certificate;

19 (B) Requires teen parents to participate in the adolescent parenting program established
20 in chapter 19 of this title to the extent the program is available; and

21 (C) Provides rules and regulations which insure regular adult supervision.

22 (g) As a condition of eligibility for cash and medical assistance under this chapter, each
23 adult member of the family has:

24 (1) Assigned to the state any rights to support for children within the family from any
25 person which the family member has at the time the assignment is executed or may have while
26 receiving assistance under this chapter;

27 (2) Consented to and is cooperating with the state in establishing the paternity of a child
28 born out of wedlock with respect to whom assistance is claimed, and in obtaining support
29 payments for the family member with respect to whom the aid is claimed, or in obtaining any
30 other payments or property due any family member, unless the applicant is found to have good
31 cause for refusing to comply with the requirements of this subsection.

32 Absent good cause for refusing to comply with the requirements of this subsection, the
33 amount of cash a family is otherwise entitled shall be reduced by twenty-five percent (25%) until
34 the adult member of the family who has refused to comply with the requirements of this

1 subsection consents to and cooperates with the state in accordance with the requirements of this
2 subsection.

3 (3) Consented to and is cooperating with the state in identifying, and providing
4 information to assist the state in pursuing any third party who may be liable to pay for care and
5 services under Title XIX of the Social Security Act, 42 U.S.C. § 1396 et seq.

6 (h) As a condition of eligibility for cash assistance to a family under this chapter, the
7 parent(s), unless otherwise exempt under this chapter, must enter into an individual employment
8 plan in accordance with section 40-5.1-9(c). This condition of eligibility shall apply to
9 applications for assistance filed on or after July 1, 2006 and to current recipients at the time of
10 their next redetermination of eligibility occurring on or after July 1, 2006.

11 **§ 40-5.1-9. Cash assistance.** – (a) *Entitlement to cash assistance.* A family found by the
12 department to meet the eligibility criteria set forth in this chapter shall be entitled to receive cash
13 assistance from the date of submitting a signed application. The family members shall be eligible
14 for cash assistance for so long as they continue to meet the eligibility criteria and parents shall be
15 eligible so long as they meet the terms and conditions of the work requirements of subsection (c).
16 The monthly amount of cash assistance shall be equal to the payment standard for the family
17 minus the countable income of the family in that month. The department is authorized to reduce
18 the amount of assistance in the month of application to reflect the number of the days between the
19 first (1st) day of the month and the effective date of the application.

20 (b) (1) Payment standard. The payment standard is equal to the sum of the following:
21 three hundred twenty-seven dollars (\$327) (two hundred seventy-seven dollars (\$277) for a
22 family residing in subsidized housing) for the first person, one hundred twenty-two dollars (\$122)
23 for the second person, one hundred five dollars (\$105) for the third person and eighty dollars
24 (\$80) for each additional person.

25 (c) *Work requirements .* ~~(1) No more than forty five (45) days following the date on~~
26 ~~which a family has been notified by the department in writing that it is eligible for cash assistance~~
27 ~~under the act,~~ Effective for applications filed on or after July 1, 2006 and to current recipients at
28 the time of their next redetermination of eligibility on or after July 1, 2006, the department shall
29 develop a family financial plan pursuant to § 40-5.1-5 and, unless the parent is exempt from work
30 pursuant to paragraph (iv), the department shall assess the parent's educational and vocational
31 abilities, and the department and the parent shall jointly develop and enter into an individual
32 employment plan pursuant to § 40-5.1-5 within thirty (30) days of the filing of an application for
33 assistance. In the case of a family including two (2) parents, the department may develop an
34 employment plan for ~~each~~ any parent not otherwise required under this chapter to enter into an

1 [employment plan](#) if the parents so requests.

2 (2) The employment plan shall specify the parent's work activity and the supportive
3 services which will be provided by the department to enable the parent to engage in the work
4 activity.

5 (i) During the first twenty-four (24) months of the employment plan, the parent shall
6 participate, for a minimum of twenty (20) hours per week for parents whose youngest child in the
7 home is under the age of six (6), and for a minimum of thirty (30) hours per week for parents
8 whose youngest child in the home is six (6) years of age or older, in one or more of the following
9 work activities, as appropriate, in order to help the parent obtain stable full-time paid
10 employment:

11 (A) Paid employment, (including on-the-job training);

12 (B) A community work experience in a program which satisfies the requirements of § 40-
13 5.1-23;

14 (C) A training or work readiness program approved by the department and conducted at a
15 job site if the program involves supervised participation in work at the site;

16 (D) During the first six (6) months of eligibility (or for a longer period if the department
17 determines it necessary to prepare the parent to obtain stable full-time employment), successful
18 participation in an approved work readiness program as defined in § 40-5.1-22;

19 (E) During the first three (3) months of eligibility (or for a longer period if the department
20 determines it necessary to prepare the parent to obtain stable full-time employment), participation
21 in an approved rapid job placement program as defined in § 40-5.1-20;

22 (F) A supervised individual job search, which meets the conditions set forth in § 40-5.1-
23 21;

24 (G) For a parent under the age of twenty (20) without a high school diploma or the
25 equivalent, successful participation on a full-time basis in a program to secure such diploma or
26 the equivalent;

27 (H) For a parent age twenty (20) or older, without basic literacy or English literacy skills,
28 successful participation on a full time basis in a program to secure such skills; and

29 (I) For a parent age twenty (20) or older (and a parent under the age of twenty (20) who
30 has a high school degree or the equivalent or a parent under the age of twenty (20) for whom
31 attendance at a high school is determined to be inappropriate) successful participation in a
32 vocational education, skills or job training program, including without limitation, a program of
33 postsecondary education, which the department determines is likely to result in regular full-time
34 employment at wages sufficient to eliminate eligibility for cash assistance under the act.

1 (ii) Beginning with the twenty-fifth (25th) month of the employment plan, the parent
2 shall participate in one or more of the following work activities for at least twenty (20) hours per
3 week for parents whose youngest child in the home is under the age of six (6) and thirty (30)
4 hours per week for parents whose youngest child in the home is six (6) years of age or older, at
5 least twenty (20) hours shall be one or more of the following activities and the balance shall be in
6 activities designed to help the parent obtain or maintain unsubsidized employment or increase the
7 parent's earning potential:

8 (A) Paid employment (including on-the-job training);

9 (B) A community work experience program which satisfies the requirements of § 40-5.1-
10 23;

11 (C) A training program approved by the department and conducted at a job site if the
12 program involves supervised participation in work at the site.

13 (D) A supervised individual or group job search not to exceed four weeks, which meets
14 the conditions set forth in § 40-5.1-21; or participation in an approved rapid job placement
15 program as defined in § 40-5.1-20.

16 (iii) The following parents shall be deferred from the participation requirement in
17 paragraph (ii):

18 (A) A parent under the age of twenty (20) without a high school diploma or the
19 equivalent who is successfully participating, on a full-time basis, in a program to secure such
20 diploma or the equivalent;

21 (B) A single parent age twenty (20) or older, without basic literacy or English language
22 skills, who: (I) is participating in a full-time program but is unable to complete a literacy or
23 language skills program during the first twenty-four (24) months of his or her employment plan,
24 or (II) who the department has determined is unable to secure paid employment without
25 additional language or literacy skills, and who is successfully participating in a program to secure
26 such skills;

27 (C) A parent age twenty (20) years or older, who is successfully participating in a
28 vocational education, skills or job training program, including without limitation, a program of
29 postsecondary education, which the department determines is likely to result in regular full-time
30 employment at wages sufficient to eliminate eligibility for cash assistance under the act;
31 provided, however, that the parent began the program prior to the twenty-fifth (25th) month of his
32 or her employment plan, provided, further, however, that participation shall not be deemed a
33 work activity after the thirty-sixth (36th) month of the employment plan;

34 (D) Upon completion of any activity in subparagraphs (A)–(C), the parent shall be

1 subject to the work activity requirements of paragraph (ii).

2 (iv) Paragraphs (i) and (ii) shall not apply to a single parent if (and for so long as) the
3 department finds that he or she is:

4 (A) Unable to comply with the employment plan because of an illness which, on the
5 basis of medical evidence, is serious enough to temporarily prevent work;

6 (B) Unable to comply with the employment plan because of a physical or mental
7 impairment which, on the basis of medical evidence, either by itself or in conjunction with age,
8 prevents work;

9 (C) Unable to comply with the employment plan because of the illness or incapacity of a
10 minor child or spouse who requires full-time in-home care, and for whom the person is providing
11 care;

12 (D) Caring for a child below the age of one; provided, however, that a minor parent
13 without a high school diploma or the equivalent, and who is not married, shall not be exempt
14 from subparagraph (i)(G) for more than twelve (12) weeks from the birth of the child;

15 (E) Sixty (60) years of age or older;

16 (F) A pregnant woman in her third trimester;

17 (G) Otherwise exempt by the department.

18 (v) (A) The amount of cash assistance to which an otherwise eligible family is entitled
19 under the act, shall be reduced by the portion of the family's benefit attributable to any parent
20 who, without good cause, has failed to enter into an individual employment plan or has failed to
21 comply with his or her individual employment plan, as required under this chapter; provided that
22 the reduction shall be applied during the first ~~eighteen (18)~~ six (6) months, whether or not
23 consecutive, of such failure or non-compliance by the parent.

24 (B) The department shall terminate cash assistance to a family if any parent in the family
25 has failed, without good cause, to enter into an individual employment plan or to comply with his
26 or her individual employment plan, for ~~eighteen (18)~~ six (6) months, whether or not consecutive.

27 (C) For purposes of paragraph (v) the benefit reduction for a family size of two (2) shall
28 be computed utilizing a family size of three (3).

29 (vi) (A) If the family's benefit has been reduced in accordance with paragraph (v)(A) for
30 less than ~~eighteen (18)~~ six (6) months, whether or not consecutive, due to the parent's failure to
31 enter into an individual employment plan or failure to comply with the terms of his or her
32 individual employment plan, benefits shall be restored to the full amount beginning with the
33 initial payment made on the first of the month following the month in which the parent (1) enters
34 into an individual employment plan and demonstrates compliance with the terms thereof, or (2)

1 demonstrates compliance with the terms of his or her existing individual employment plan, as
2 such plan may be amended by agreement of the parent and the department.

3 (B) If the family's benefit has been terminated in accordance with paragraph (v)(B) due
4 to the failure by one or more parents to enter into an individual employment plan or failure to
5 comply with the terms of his or her individual employment plan, the family may re-apply for
6 benefits and benefits shall be restored to the family in the full amount the family is otherwise
7 entitled to under this chapter beginning on the first of the month following the month in which all
8 parents in the family who are subject to the employment plan requirements under this chapter (1)
9 enter into an individual employment plan and demonstrate compliance with the terms thereof, or
10 (2) demonstrate compliance with the terms of the parent's individual employment plan in effect at
11 the time of termination of benefits, as such plan may be amended by agreement of the parent and
12 the department.

13 (vii) Notwithstanding paragraphs (i) and (ii) of this subsection, in the case of a family
14 consisting of two (2) parents, ~~(except as provided in paragraph (xi) below)~~, beginning seven (7)
15 days following completion of ~~the family financial plan and~~ the individual employment plan(s), or
16 as soon as practical thereafter, one parent shall be engaged in work activities for at least thirty-
17 five (35) hours per week during the month, not fewer than thirty (30) hours per week of which are
18 attributable to one or more of the following activities:

19 (A) Unsubsidized employment;

20 (B) Subsidized private sector employment;

21 (C) Subsidized public sector employment;

22 (D) Work experience if sufficient private sector employment is not available;

23 (E) On-the-job training;

24 (F) ~~Job search and job readiness assistance~~ A supervised individual or group job search
25 not to exceed four weeks, which meets the conditions set forth in § 40-5.1-21; or participation in
26 an approved rapid job placement program as defined in § 40-5.1-20;

27 (G) Community service program;

28 (H) Vocational educational training (not to exceed twelve (12) months with respect to
29 any individual); or

30 (I) The provision of child care services to an individual who is participating in a
31 community service program.

32 Moreover, in the case of a two (2) parent family wherein one parent is engaged for at
33 least thirty-five (35) hours per week in the work activities specified immediately above, and if the
34 family requests child care assistance under this chapter, and an adult in the family is not disabled

1 or caring for a severely disabled child, the second parent must be engaged in work activities
2 during the month for not fewer than twenty (20) hours per week in one or more of the following
3 activities:

4 (A) Unsubsidized employment;

5 (B) Subsidized private sector employment;

6 (C) Subsidized public sector employment;

7 (D) Work experience if sufficient private sector employment is not available;

8 (E) On-the-job training; or

9 (F) Community service programs;

10 (viii) Paragraph (vii) shall not apply:

11 (A) To a parent who is ill and the department determines on the basis of medical
12 evidence that the illness is serious enough to temporarily prevent entry into employment or
13 engaging in the activities listed in paragraph (vii) or to provide care for his or her children; or

14 (B) To a parent who is incapacitated by a physical or mental impairment which the
15 department has determined on the basis of medical evidence either by itself or in conjunction with
16 age, prevents the individual from engaging in employment or training or providing care for his or
17 her children; or

18 (C) To a parent who is providing full-time in-home care to a minor child or parent who,
19 due to illness or incapacity, requires full-time in-home care; or

20 (D) If otherwise authorized by the department for cause.

21 ~~(ix)~~ (E) If, during any month, a parents required to comply with paragraph (vii) fails,
22 without good cause to do so, ~~the family shall be deemed for all purposes under this section to~~
23 ~~include only one parent. The parent included in the family shall be the parent which the~~
24 ~~department determines has accepted primary responsibility for child care. T~~he second parent
25 included in the family, unless exempt pursuant to paragraph (iv), shall be required to comply with
26 paragraphs ~~(i) and (ii)~~ (vii) of this subsection and shall be subject to the penalties in paragraphs
27 (v) and (vi), as applicable, if the parent fails to do so. Notwithstanding the foregoing, in
28 determining the amount of cash assistance to which a family is entitled under this chapter, the
29 earnings of any parent living in the same household as a family eligible for cash assistance, shall
30 be deemed to be earned income of the family for purposes of § 40-5.1-10(b).

31 (ix) A parent's failure, without good cause, to accept a bona fide offer of work, including
32 full-time, part-time and/or temporary employment, or unpaid community service, to the extent the
33 offer of work is not inconsistent with the employment plan shall be deemed a failure to comply
34 with this section, provided that:

1 (A) The parent is able to perform the work offered; and

2 (B) Appropriate child care (as defined in subsection (e) hereof) is made available to the
3 parent.

4 ~~(xi) A two (2) parent family that includes a disabled parent shall be considered to be a~~
5 ~~single parent family for purposes of applying the work requirements of paragraphs (i) and (ii).~~

6 (d) *Child care.* Notwithstanding any other provision of this section, no single parent, or
7 both parents meeting the requirements of paragraph (vii), shall be required to work to the extent
8 that appropriate child care is necessary for the parent to do so and the department determines that
9 such appropriate child care is unavailable for fiscal or other reasons. For purposes of this section
10 "appropriate child care" means child care which is provided by a person or organization qualified
11 and authorized to provide such care by the department of children, youth, and families or such
12 other lawful providers as determined by the department of children, youth, and families. Child
13 care shall be considered "necessary" under this section for any child below the age of thirteen
14 (13), or any children age thirteen (13) years or older who are under supervision of the family
15 court or who require care because of a physical or mental impairment.

16 (e) *Work expenses.* The department shall provide an allowance for transportation costs
17 necessary to comply with the employment plan, provided, however, that the amount of such
18 reimbursement shall not exceed the sum of three dollars (\$3.00) per day.

19 **§ 40-5.1-17. Families eligible for child care assistance.** – (a) (1) The department shall
20 provide appropriate child care to every parent who requires child care in order to meet the work
21 requirements in § 40-5.1-9 and to all other families with incomes at or below one hundred eighty-
22 five percent (185%) of the federal poverty line, if and to the extent such other families require
23 child care in order to work at paid employment; provided, however, that effective January 1,
24 1999, the department shall provide appropriate child care to such other families whose incomes
25 are at or below two hundred percent (200%) of the federal poverty line; effective July 1, 1999, the
26 department shall provide appropriate child care to such other families whose incomes are at or
27 below two hundred twenty-five percent (225%) of the federal poverty line.

28 (2) No family shall be eligible for child care assistance under this chapter if the combined
29 value of its liquid resources exceeds ten thousand dollars (\$10,000). Liquid resources are defined
30 as any interest(s) in property in the form of cash or other financial instruments or accounts which
31 are readily convertible to cash or cash equivalents. These include, but are not limited to, cash,
32 bank, credit union, or other financial institution savings, checking and money market accounts,
33 certificates of deposit or other time deposits, stocks, bonds, mutual funds, and other similar
34 financial instruments or accounts. These do not include educational savings accounts, plans, or

1 programs; retirement accounts, plans, or programs; or accounts held jointly with another adult,
2 not including a spouse, living outside the same household but only to the extent the
3 applicant/recipient family documents the funds are from sources owned by the other adult living
4 outside the household, plus the proportionate share of any interest, dividend or capital gains
5 thereon. The department is authorized to promulgate rules and regulations to determine the
6 ownership and source of the funds in the joint account.

7 (3) As a condition of eligibility for child care assistance under this chapter, the parent or
8 caretaker relative of the family must consent to and must cooperate with the department in
9 establishing paternity, and in establishing and/or enforcing child support and medical support
10 orders for all children in the family in accordance with title 15 of the general laws, as amended,
11 unless the parent or caretaker relative is found to have good cause for refusing to comply with the
12 requirements of this subsection.

13 (b) For purposes of this section "appropriate child care" means child care, including
14 infant/toddler, pre-school, nursery school, school-age, and youth care, which is provided by a
15 person or organization qualified, approved, and authorized to provide such care by the department
16 of children, youth, and families, or by the department of elementary and secondary education, or
17 such other lawful providers as determined by the department of human services, in cooperation
18 with the department of children, youth and families and the department of elementary and
19 secondary education, ~~subject to the following age limitations:~~

20 ~~(1) Through December 31, 1998, for a child below the age of thirteen (13), or children~~
21 ~~age thirteen (13) years or older who are under supervision of the family court or who require care~~
22 ~~because of a physical or mental impairment;~~

23 ~~(2) Effective January 1, 1999, for a child below the age of fifteen (15);~~

24 ~~(3) Effective July 1, 1999, for a child below the age of sixteen (16).~~

25 (c) The department of human services shall determine rates of reimbursement for child
26 care services for children over the age of twelve (12) in accordance with the provisions of § 40-
27 6.2-1.1(d).

28 For purposes of this section "appropriate child care" is defined in § 40-5.1-9(d).

29 (d) Families with incomes below one hundred percent (100%) of the applicable federal
30 poverty guidelines shall be provided with free child care. Families with incomes equal to or
31 greater than one hundred percent (100%) of the applicable federal poverty guideline shall be
32 required to pay for some portion of the child care they receive, according to a sliding fee scale
33 adopted by the department.

34 (e) In determining the type of child care to be provided to a family, the department shall

1 take into account the cost of available child care options and the suitability of the type of care
2 available for the child and the parent's preference as to the type of child care.

3 (f) For purposes of this section "income" for families receiving cash assistance under §
4 40-5.1-9 means gross earned income and unearned income, subject to the income exclusions in §
5 40-5.1-10(b) and § 40-5.1-10(c); and income for other families shall mean gross earned and
6 unearned income as determined by departmental regulations.

7 (g) The entitlement provided for in subsection (a) shall be an entitlement to payment of a
8 subsidy for child care to an appropriate child care provider as defined in subsection (b). The
9 caseload estimating conference established by chapter 17 of title 35 shall forecast the
10 expenditures for child care in accordance with the provisions of § 35-17-1.

11 **§ 40-5.1-19. Eligibility for medical benefits.** – (a) Every member of any family eligible
12 for cash assistance under this chapter shall be categorically eligible for medical assistance
13 through the RItE Care or RItE Share programs, as determined by the department.

14 (b) If a family becomes ineligible for cash assistance payments under this act on account
15 of excess earnings from employment, the family shall continue to be eligible for medical
16 assistance through the RItE Care or RItE Share program for a period of ~~eighteen (18)~~ twelve (12)
17 months or until employer paid family health care coverage begins.

18 (c) A parent who becomes ineligible for RItE Care under this section and who is not
19 eligible for employer paid medical coverage due to a prior existing condition, or is otherwise
20 uninsurable as determined by the department, shall be entitled to purchase RItE Care coverage in
21 accordance with contribution rates to be established by the department.

22 SECTION 2. This article shall take effect July 1, 2006.

23

ARTICLE 33 SUBSTITUTE A

RELATING TO MEDICAL ASSISTANCE -- PRESCRIPTION DRUGS

SECTION 1. The department of human services is hereby authorized and directed to amend its practices, procedures, regulations and the Rhode Island state plan for medical assistance (Medicaid) pursuant to title XIX of the federal Social Security Act [42 U.S.C. § 1396 et seq.] to modify the prescription drug program:

(1) to establish a preferred drug list (PDL);

(2) to enter into supplemental rebate, discount or other agreements with pharmaceutical companies; and

(3) to negotiate either state-specific supplemental rebates or to participate in a multi-state pooling supplemental rebate program.

Determinations of drugs included on the PDL will be made by the State Department of Human Services, and a listing of such drugs shall be maintained on a public website. In making these determinations, the department shall consider the recommendations of the Medicaid Pharmaceutical and Therapeutics Committee, whose membership shall include practicing pharmacists and physicians, faculty members of the University of Rhode Island's College of Pharmacy, and consumers or consumer representatives. Drugs exempt from the PDL shall include: (1) antipsychotics; (2) anti-retrovirals; and (3) organ transplant medications. Physicians will be informed about prior authorization procedures for medications not on the PDL, and seventy-two (72) hour emergency supplies may be dispensed if authorizations cannot be obtained.

SECTION 2. The Department of Human Services is hereby authorized and directed to amend its regulations and the Rhode Island State Plan for Medical Assistance (Medicaid) pursuant to title XIX of the federal Social Security Act to modify the fee-for-service program prescription drug reimbursement formula to establish a ceiling equivalent to the combination of the manufacturer's wholesale acquisition cost and a dispensing fee of \$3.40 for outpatient prescriptions and \$2.85 for long-term care prescriptions.

SECTION 3. This article shall take effect upon passage.

1 **ARTICLE 34 SUBSTITUTE A AS AMENDED**

2 RELATING TO INSURANCE -- MANDATED BENEFITS

3 SECTION 1. Section 27-18-30 of the General Laws in Chapter 27-18 entitled "Accident
4 and Sickness Insurance Policies" is hereby amended to read as follows:

5 **27-18-30. Health insurance contracts -- Infertility.** -- (a) Any health insurance contract,
6 plan, or policy delivered or issued for delivery or renewed in this state, except contracts providing
7 supplemental coverage to Medicare or other governmental programs, which includes pregnancy
8 related benefits, shall provide coverage for medically necessary expenses of diagnosis and
9 treatment of infertility for women between the ages of twenty-five (25) and forty (40) years. To
10 the extent that a health insurance contract provides reimbursement for a test or procedure used in
11 the diagnosis or treatment of conditions other than infertility, the tests and procedures shall not be
12 excluded from reimbursement when provided attendant to the diagnosis and treatment of
13 infertility for women between the ages of twenty-five (25) and forty (40) years; provided, that a
14 subscriber co-payment not to exceed twenty percent (20%) may be required for those programs
15 and/or procedures the sole purpose of which is the treatment of infertility.

16 (b) For the purpose of this section, "infertility" means the condition of an otherwise
17 presumably healthy married individual who is unable to conceive or produce conception during a
18 period of ~~one~~ two (2) years.

19 (c) Notwithstanding the provisions of section 27-18-19 or any other provision to the
20 contrary, this section shall apply to blanket or group policies of insurance.

21 (d) The health insurance contract may limit coverage to a lifetime cap of one hundred
22 thousand dollars (\$100,000).

23 SECTION 2. Section 27-19-23 of the General Laws in Chapter 27-19 entitled "Nonprofit
24 Hospital Service Corporations" is hereby amended to read as follows:

25 **27-19-23. Coverage for infertility.** -- (a) Any nonprofit hospital service contract, plan,
26 or insurance policies delivered, issued for delivery, or renewed in this state, except contracts
27 providing supplemental coverage to Medicare or other governmental programs, which includes
28 pregnancy related benefits shall provide coverage for medically necessary expenses of diagnosis
29 and treatment of infertility for women between the ages of twenty-five (25) and forty (40) years.

30 To the extent that a nonprofit hospital service corporation provides reimbursement for a test or

1 procedure used in the diagnosis or treatment of conditions other than infertility, those tests and
2 procedures shall not be excluded from reimbursement when provided attendant to the diagnosis
3 and treatment of infertility for women between the ages of twenty-five (25) and forty (40) years;
4 provided, that a subscriber copayment, not to exceed twenty percent (20%), may be required for
5 those programs and/or procedures the sole purpose of which is the treatment of infertility.

6 (b) For the purposes of this section, "infertility" means the condition of an otherwise
7 presumably healthy married individual who is unable to conceive or produce conception during a
8 period of ~~one~~ two (2) years.

9 (c) The health insurance contract may limit coverage to a lifetime cap of one hundred
10 thousand dollars (\$100,000).

11 SECTION 3. Section 27-20-20 of the General Laws in Chapter 27-20 entitled "Nonprofit
12 Medical Service Corporations" is hereby amended to read as follows:

13 **27-20-20. Coverage for infertility.** -- (a) Any nonprofit medical service contract, plan,
14 or insurance policies delivered, issued for delivery, or renewed in this state, except contracts
15 providing supplemental coverage to Medicare or other governmental programs, which includes
16 pregnancy related benefits shall provide coverage for the medically necessary expenses of
17 diagnosis and treatment of infertility for women between the ages of twenty-five (25) and forty
18 (40) years. To the extent that a nonprofit medical service corporation provides reimbursement for
19 a test or procedure used in the diagnosis or treatment of conditions other than infertility, those
20 tests and procedures shall not be excluded from reimbursement when provided attendant to the
21 diagnosis and treatment of infertility for women between the ages of twenty-five (25) and forty
22 (40) years. Provided, that subscriber copayment, not to exceed twenty percent (20%), may be
23 required for those programs and/or procedures the sole purpose of which is the treatment of
24 infertility.

25 (b) For the purposes of this section, "infertility" means the condition of an otherwise
26 presumably healthy married individual who is unable to conceive or produce conception during a
27 period of ~~one~~ two (2) years.

28 (c) The health insurance contract may limit coverage to a lifetime cap of one hundred
29 thousand dollars (\$100,000).

30 SECTION 4. Section 27-41-33 of the General Laws in Chapter 27-41 entitled "Health
31 Maintenance Organizations" is hereby amended to read as follows:

32 **27-41-33. Coverage for infertility.** -- (a) Any health maintenance organization service
33 contract plan or policy delivered, issued for delivery, or renewed in this state, except a contract
34 providing supplemental coverage to Medicare or other governmental programs, which includes

1 pregnancy related benefits, shall provide coverage for medically necessary expenses of diagnosis
2 and treatment of infertility for women between the ages of twenty-five (25) and forty (40) years.
3 To the extent that a health maintenance organization provides reimbursement for a test or
4 procedure used in the diagnosis or treatment of conditions other than infertility, those tests and
5 procedures shall not be excluded from reimbursement when provided attendant to the diagnosis
6 and treatment of infertility for women between the ages of twenty-five (25) and forty (40) years;
7 provided, that subscriber copayment, not to exceed twenty percent (20%), may be required for
8 those programs and/or procedures the sole purpose of which is the treatment of infertility.

9 (b) For the purpose of this section, "infertility" means the condition of an otherwise
10 healthy married individual who is unable to conceive or produce conception during a period of
11 ~~one~~ two (2) years.

12 (c) The health insurance contract may limit coverage to a lifetime cap of one hundred
13 thousand dollars (\$100,000).

14 SECTION 5. Chapter 42-12 of the General Laws entitled "Department of Human
15 Services" is hereby amended by adding thereto the following section:

16 **42-12-29. Children's health account.** – (a) There is created within the general fund a
17 restricted receipt account to be known as the "childrens' health account". All money in the
18 account shall be utilized by the department of human services to effectuate coverage for home
19 health services, CEDARR services, and children's intensive services (CIS). All money received
20 pursuant to this section shall be deposited in the childrens' health account. The general treasurer is
21 authorized and directed to draw his or her orders on the account upon receipt of properly
22 authenticated vouchers from the department of human services.

23 (b) Beginning in the fiscal year 2007, each insurer licensed or regulated pursuant to the
24 provisions of chapters 18, 19, 20, and 41 of title 27 shall be assessed a for the purposes set forth
25 in this section. The department of human services shall make available to each insurer, upon its
26 request, information regarding the department of human services child health program and the
27 costs related to the program. Further, the department of human services shall submit to the
28 general assembly an annual report on the program and cost related to the program, on or before
29 February 1 of each year. Annual assessments shall be based on direct premiums written in the
30 year prior to the assessment and shall not include any Medicare Supplement Policy (as defined in
31 section 27-18-2.1(g)), Medicare managed care, Medicare, Federal Employees Health Plan or
32 dental premiums. As to accident and sickness insurance, the direct premium written shall include,
33 but is not limited to, group, blanket, and individual policies. Those insurers assessed greater than
34 five hundred thousand dollars (\$500,000) for the year shall be assessed four (4) quarterly

1 payments of twenty-five percent (25%) of their total assessment. Beginning July 1, 2006, the
2 annual rate of assessment shall be determined by the Director of Human Services in concurrence
3 with the Primary Payors, those being insurers likely to be assessed at greater than five hundred
4 thousand dollars (\$500,000). The director of the department of human services shall deposit that
5 amount in the "children's health account". The assessment shall be used solely for the purposes of
6 the "children's health account" and no other.

7 (c) Any funds collected in excess of funds needed to carry-out the programs shall be
8 deducted from the subsequent year's assessment.

9 (d) The total annual assessment on all insurers shall be equivalent to the amount paid by
10 the department of human services for such services, for children insured by such insurers, but not
11 to exceed five thousand dollars (\$5,000) per child covered by the services.

12 (e) The childrens' health account shall be exempt from the indirect cost recovery
13 provisions of section 35-4-27 of the general laws.

14 SECTION 6. This article shall take effect upon passage.

15

1 **ARTICLE 35 SUBSTITUTE A**

2 RELATING TO MEDICAL ASSISTANCE -- COMMUNITY HEALTH CENTERS

3 SECTION 1. Section 40-16-1 of the General Laws in Chapter 40-16 entitled
4 "Community Health Centers" is hereby repealed.

5 ~~§ 40-16-1. Funding of community health center. —(a)(1) For the fiscal year ending~~
6 ~~June 30, 1989, and for each year thereafter the state shall contribute a share of the costs~~
7 ~~associated with community health centers as provided in this chapter. Subject to the provisions of~~
8 ~~subsection (i), the state's share shall be calculated by multiplying the total number of medical~~
9 ~~patients treated at the health centers listed below by the sum of thirteen dollars and thirty four~~
10 ~~cents (\$13.34) for each patient; provided, that multiple visits or treatment shall be counted only~~
11 ~~once, by the state department of human services for grants to the following health centers:~~

12 ~~(2) Providence Community Health Centers, Inc., Thundermist health associates, inc.,~~
13 ~~Blackstone Valley community health care inc., Wood River health services, Family health~~
14 ~~services, East Bay Family Health Care, new visions for Newport County, tri town health center,~~
15 ~~Dr. John A. Ferris health center, Chad Brown health center, health center of South County,~~
16 ~~Bayside family healthcare, Northwest health center and Block Island health services inc.; that~~
17 ~~sum shall be allocated by the department of human services as follows:~~

18 ~~(i) One half (1/2) of the state share in each fiscal year to be divided equally among the~~
19 ~~fourteen (14) health centers listed in subsection (a)(2); and~~

20 ~~(ii) One half (1/2) of the state share to be allocated among the health centers listed in~~
21 ~~subsection (a)(2) based on a per capita rate multiplied by the number of medical patients each~~
22 ~~center treated in the previous fiscal year; that per capita rate to be computed by dividing this half~~
23 ~~of the state share by the total number of medical patients treated by all aforesaid health centers in~~
24 ~~the previous fiscal year; each patient notwithstanding multiple visits or treatment, shall be~~
25 ~~counted once only.~~

26 ~~(b) If the sum appropriated by the state for any fiscal year for making payments to the~~
27 ~~health centers listed in subsection (a)(2) under this program is not sufficient to pay in full the total~~
28 ~~amount which all the health centers listed in subsection (a)(2) are entitled to receive for that fiscal~~
29 ~~year, the maximum entitlement which all the health centers listed in subsection (a)(2) shall~~
30 ~~receive for such fiscal year shall be ratably reduced.~~

1 ~~(e) The appropriation of six hundred seventy three thousand five hundred dollars~~
2 ~~(\$673,500) for the fiscal year ending June 30, 1988, for the state department of human services~~
3 ~~for distribution to the health centers listed above shall be allocated as follows: three hundred~~
4 ~~thirty six thousand seven hundred fifty dollars (\$336,750) to be divided, equally, among the~~
5 ~~fourteen (14) health centers cited and three hundred thirty six thousand seven hundred fifty~~
6 ~~dollars (\$336,750) to be allocated among the health centers on a per capita rate of ten dollars~~
7 ~~(\$10.00) for each patient.~~

8 ~~(d) If the sum appropriated by the state for any fiscal year exceeds the amount to be~~
9 ~~distributed based upon the provisions of this section, the excess shall be distributed equally~~
10 ~~among the fourteen (14) designated health centers.~~

11 ~~(e) In December of each year, the department of human services shall forward to the~~
12 ~~chairperson of the house finance committee and to the chairperson of the senate finance~~
13 ~~committee the proposed unduplicated per patient rate for the next fiscal year.~~

14 ~~(f) In the event that a designated grantee shall cease to operate, then its share shall revert~~
15 ~~to the general fund.~~

16 ~~(g) For purposes of this section, "reference year" shall mean the second fiscal year~~
17 ~~immediately proceeding the fiscal year of appropriation.~~

18 ~~(h) For purposes of this section "unduplicated medical patient" shall mean an individual~~
19 ~~who receives service at a community health center. An individual can be counted only once and~~
20 ~~multiple visits by and/or multiple treatments of the individual shall not be counted.~~

21 ~~(i) For as long as the United States department of health and human services, health care~~
22 ~~financing administration project No. 11-W-00004/1-01 entitled "RItE Care" remains in effect and~~
23 ~~the state is paying health maintenance organizations to care for RItE Care enrollees, the state's~~
24 ~~annual share of costs associated with community health centers to be paid under this chapter shall~~
25 ~~be an amount no less than \$718,015, which amount shall be appropriated to the Rhode Island~~
26 ~~department of human services. The department of human services shall obtain federal matching~~
27 ~~funds for the state's annual share to the fullest extent permitted under Title XIX of the Social~~
28 ~~Security Act, 42 U.S.C. § 1396 et seq.~~

29 ~~(2) In order to encourage federally qualified health centers and rural health centers to~~
30 ~~participate in RItE Care, for as long as RItE Care remains in effect, all funds appropriated under~~
31 ~~this chapter and all federal funds matched thereto, shall be paid by the department of human~~
32 ~~services, without deduction for administrative or other expenses, to Rhode Island health center~~
33 ~~association, inc., provided that a majority of the health centers referred to in subsection (a)~~
34 ~~constitute a majority of the members of Rhode Island health center association, inc., and continue~~

1 ~~to participate as primary care providers in the RIte Care program of the health centers referred to~~
2 ~~in subsection (a). Such amounts shall be paid monthly to Rhode Island health center association,~~
3 ~~inc. by the department of human services at the rate of fifteen dollars (\$15.00) per member per~~
4 ~~month for each RIte Care member (regardless of health plan) selecting a federally qualified health~~
5 ~~center or rural health center, as those terms are defined in 42 U.S.C. § 1395x (or any successor~~
6 ~~statute), as the member's primary care provider.~~

7 ~~(3) In no event shall the amounts payable under this subsection exceed five million five~~
8 ~~hundred thousand dollars (\$5,500,000) per fiscal year. In any fiscal year, if any portion of the~~
9 ~~state share appropriated in this subsection is not used to obtain federal matching funds and pay~~
10 ~~the amounts due under subsection (i)(2), the unused portion of the appropriation shall be~~
11 ~~distributed by the department of human services equally among the fourteen (14) health centers~~
12 ~~named in subsection (a). This subsection shall be inapplicable and the remaining provisions of~~
13 ~~this chapter shall apply if at any time a majority of the health centers referred to in subsection (a)~~
14 ~~do not constitute a majority of the members of Rhode Island health center association, inc. and do~~
15 ~~not participate as primary care providers in the RIte Care program.~~

16 ~~(4) Rhode Island health center association, inc., shall be entitled to disburse the funds~~
17 ~~paid under this subsection to federally qualified health centers, rural health centers, other health~~
18 ~~centers or other entities in the manner it considers necessary or appropriate to encourage maximal~~
19 ~~participation of federally qualified health centers and rural health centers in RIte Care.~~

20 ~~(5) The department of human services shall require each qualifying center or entity~~
21 ~~receiving funds under this chapter to: (a) file uniform cost and utilization reports with the~~
22 ~~department beginning January 1, 2000; and (b) to certify to the department that it will provide,~~
23 ~~beginning July 1, 2000, a proportional share of the operating expenses of the management service~~
24 ~~organization, CHC Enterprise, Inc., formed by qualifying centers or entities.~~

25 ~~(j) To support the ability of federally qualified health centers and rural health centers to~~
26 ~~provide high quality medical care to patients, reimbursement under the medical assistance~~
27 ~~program for medically necessary services which are paid on a fee for service basis shall continue~~
28 ~~to be paid at one hundred percent (100%) of the reasonable cost.~~

29 SECTION 2. Chapter 40-8 of the General Laws entitled "Medical Assistance" is hereby
30 amended by adding thereto the following section:

31 § 40-8-26. Community Health Centers.-- (a) For the purposes of this section the term
32 Community Health Centers refers to Federally Qualified Health Centers and Rural Health
33 Centers.

34 (b) To support the ability of community health centers to provide high quality medical

1 care to patients, the Department of Human Services shall adopt and implement a methodology for
2 determining a Medicaid per visit reimbursement for community health centers which is compliant
3 with the prospective payment system provided for in the Medicare, Medicaid and SCHIP Benefits
4 Improvement and Protection Act of 2001. The following principles are to assure that the
5 prospective payment rate determination methodology is part of the department of human services'
6 overall value purchasing approach:

7 (c) The rate determination methodology will (i) fairly recognize the reasonable costs of
8 providing services. Recognized reasonable costs will be those appropriate for the organization,
9 management and direct provision of services and (ii) provide assurances to the department of
10 human services that services are provided in an effective and efficient manner, consistent with
11 industry standards. Except for demonstrated cause and at the discretion of the department of
12 human services, the maximum reimbursement rate for a service (e.g. medical, dental) provided by
13 an individual community health center shall not exceed 125% of the median rate for all
14 community health centers within Rhode Island.

15 (d) Community health centers will cooperate fully and timely with reporting requirements
16 established by the Department.

17 (e) Reimbursement rates established through this methodology shall be incorporated into
18 the PPS reconciliation for services provided to Medicaid eligible persons who are enrolled in a
19 health plan on the date of service. Monthly payments by DHS related to PPS for persons enrolled
20 in a health plan shall be made directly to the community health centers.

21 SECTION 3. This article shall take effect upon passage.

22

1 **ARTICLE 36 SUBSTITUTE A**

2 RELATING TO DREDGING FEES

3 SECTION 1. Chapter 46-23 of the General Laws entitled "Coastal Resources
4 Management Council" is hereby amended by adding thereto the following sections:

5 **46-23-18.5. Fees for disposal.** – (a) The council is authorized to impose a fee of not less
6 than eleven dollars and sixty-five cents (\$11.65) per cubic yard for the disposal of dredge
7 materials at the sites established by the council pursuant to section 46-23-18.3, with eleven
8 dollars and sixty-five cents (\$11.65) being deposited into the general fund. The amount of the fee
9 established by the council pursuant to the section shall be reviewed by the council on an annual
10 basis and revised as the council deems necessary, but in no event shall the fee be set at an amount
11 less than eleven dollars and sixty-five cents (\$11.65) per cubic yard of material.

12 **46-23-18.6. Coastal Resources Management Council Dredge Fund.** – There is hereby
13 created a separate fund to be held by the coastal resources management council to be known as
14 the dredge fund. Any amount charged above the eleven dollars and sixty-five cents (\$11.65) must
15 be deposited into the fund and shall not be deposited into the general fund of the state, but shall
16 be kept by the general treasurer of the state in a separate fund for the coastal resources
17 management council, and shall be paid out by the treasurer upon the order of the council, without
18 the necessity of appropriation or re-appropriation by the general assembly. Funds must be used to
19 create additional dredging and disposal options.

20 SECTION 2. Section 35-4-1 of the General Laws in Chapter 35-4 entitled "State Funds"
21 is hereby amended to read as follows:

22 **35-4-1. Revenue credited to general fund -- Exceptions -- Deposits.** -- All receipts and
23 revenue of the state shall be credited by the general treasurer to the general fund of the state with
24 the exception of receipts or revenue pertaining to the following funds:

- 25 (1) Permanent school fund;
- 26 (2) Touro Jewish synagogue fund;
- 27 (3) Land-grant fund of 1862;
- 28 (4) Veterans' home fund;
- 29 (5) United States cooperative vocational education fund;
- 30 (6) United States industrial rehabilitation fund;

1 (7) Forestry cooperative fund;

2 (8) State sinking fund;

3 (9) Fire insurance fund;

4 (10) Fund for relief of firemen;

5 (11) Fund for relief of policemen;

6 (12) Coastal Resources Management Council Dredge Fund;

7 ~~(12)~~ (13) Funds received from the federal government in accordance with the provisions
8 of parts 1 and 2 of title V of the Social Security Act, 42 U.S.C. section 501 et seq.;

9 ~~(13)~~ (14) Any other funds that may by federal law or regulation, or by enactment of the
10 general assembly, be allocated to a specific fund, provided, that nothing contained in this section
11 shall amend or modify: section 19-3.1-9, which pertains to securities deposited by trust
12 companies and national banks having trust departments; section 19-5-15, which pertains to credit
13 unions; nor section 27-1-5, which pertains to deposits of securities by insurance companies with
14 the general treasurer; and

15 ~~(14)~~ (15) Funds received until June 30, 2002, from the northeast dairy compact
16 commission, which was enacted into law in Rhode Island by P.L. 1993, ch. 106, section 2-24-1 et
17 seq. These funds are to be passed from the northeast dairy compact commission through the
18 department of elementary and secondary education to reimburse school districts for school milk
19 that is exempted from the federal over-order price regulation obligation at 7 CFR 1301. These
20 funds are to be placed in a restricted receipt account established within the department of
21 elementary and secondary education separate from all other accounts within the department of
22 elementary and secondary education. All funds deposited in the restricted receipt account
23 established in this section shall be disbursed prior to June 30, 2002.

24 SECTION 3. This article shall take effect as of July 1, 2006.

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ARTICLE 37 SUBSTITUTE A AS AMENDED

JOINT RESOLUTION

TO APPROVE AND PUBLISH AND SUBMIT TO THE ELECTORS A PROPOSITION OF AMENDMENT TO THE CONSTITUTION OF THE STATE (LIMITATIONS ON STATE SPENDING)

WHEREAS, The budget reserve account, also known as "the rainy day fund", was made part of the state constitution through voter referendum in 1992 to ensure adequate cash and budget reserves for unanticipated revenue shortfalls; and

WHEREAS, The constitution limits appropriations for any fiscal year to ninety-eight percent of estimated revenues and requires the two percent difference to be deposited into the budget reserve account until the account reaches three percent of said revenues; and

WHEREAS, The constitution further requires that excess funds available after the budget reserve account has been fully funded shall be transferred to the state capital bond fund for debt reduction, debt service, or capital projects; and

WHEREAS, In recent years state capital bond funds have been used increasingly to pay debt service, with the result that the budget reserve account cannot be used without jeopardizing the state's ability to meet its debt service obligations; and

WHEREAS, Experience since passage of the 1992 constitutional amendment has demonstrated that the three percent cap results in insufficient funding of the reserve account; and

WHEREAS, The viability of the reserve account will be restored by limiting the state capital bond fund to capital projects, limiting appropriations from ninety-eight percent of estimated revenues to ninety-seven percent of estimated revenues, and allowing the cap on the budget reserve account to be expanded from three percent to five percent of revenues; and, now, therefore be it

RESOLVED, That a majority of all members elected to each house of the general assembly voting therefore, an amendment to section 16 of Article IX of the Constitution of the state shall be proposed to the qualified electors of the state for their approval in accordance with the provisions of Article XIV of the Constitution, and upon such approval, the amended section 16 of Article IX, set forth below, shall be included in the Constitution; and that said proposition

1 of amendment shall be submitted to the electors for their approval or rejection at the next
2 statewide general election, and said proposition of amendment shall appear on the ballots and
3 shall be preceded by the following explanation and space to "approve" or "reject", all of which
4 shall be in substantially the following form:

5 CONSTITUTIONAL AMENDMENT – BUDGET RESERVE ACCOUNT

6 Approval of the amendment set forth below will increase the funding and restore the
7 viability of the budget reserve account, also known as "the rainy day fund", by limiting the
8 amount of estimated revenues that can be appropriated, increasing the cap on the reserve account,
9 and limiting the use of capital funds to capital projects.

10 APPROVE_____

11 REJECT_____

12 ARTICLE IX

13 Section 16. Limitation on state spending [\[Effective from July 1, 2007 until July 1, 2012\]](#).

14 (a) No appropriation, supplemental appropriation or budget act shall cause the aggregate
15 state general revenue appropriations enacted in any given fiscal year to exceed ninety-eight
16 percent (98%) of the estimated state general revenues for such fiscal year from all sources,
17 including estimated unencumbered general revenues to the new fiscal year remaining at the end
18 of the previous fiscal year. Estimated unencumbered general revenues are calculated by taking
19 the estimated general revenue cash balance at the end of the fiscal year less estimated revenue
20 anticipation bonds or notes, estimated general revenue encumbrances, estimated continuing
21 general revenue appropriations and the amount of the budget reserve account at the end of said
22 fiscal year.

23 (b) The amount between the applicable percentage in (a) and one hundred percent (100%)
24 of the estimated state general revenue for any fiscal year as estimated in accordance with
25 subsection (a) of this section shall be appropriated in any given fiscal year into the budget reserve
26 account; provided, however, that no such payment will be made which would increase the total of
27 the budget reserve account to more than three percent (3%) of only the estimated state general
28 revenues as set by subsection (a) of this section. In the event that the payment to be made into the
29 budget reserve account would increase the amount in said account to more than three percent
30 (3%) of estimated state general revenues that said amount shall be transferred to the ~~state bond~~
31 ~~capitol~~ [Rhode Island Capital Plan](#) fund to be used solely for ~~reduction of state indebtedness,~~
32 ~~payment of debt service, and/or~~ funding of ~~capitol~~ [capital](#) projects.

33 (c) Within forty-five (45) days after the close of any fiscal year, all unencumbered
34 general revenue in the year end surplus account from the said fiscal year shall be transferred to

1 the general fund.

2 Section 16. Limitation on state spending [\[Effective July 1, 2012\]](#).

3 (a) No appropriation, supplemental appropriation or budget act shall cause the aggregate
4 state general revenue appropriations enacted in any given fiscal year to exceed ~~ninety-eight~~
5 ~~percent (98%)~~ [ninety-seven percent \(97%\)](#) of the estimated state general revenues for such fiscal
6 year from all sources, including estimated unencumbered general revenues to the new fiscal year
7 remaining at the end of the previous fiscal year. Estimated unencumbered general revenues are
8 calculated by taking the estimated general revenue cash balance at the end of the fiscal year less
9 estimated revenue anticipation bonds or notes, estimated general revenue encumbrances,
10 estimated continuing general revenue appropriations and the amount of the budget reserve
11 account at the end of said fiscal year.

12 (b) The amount between the applicable percentage in (a) and one hundred percent (100%)
13 of the estimated state general revenue for any fiscal year as estimated in accordance with
14 subsection (a) of this section shall be appropriated in any given fiscal year into the budget reserve
15 account; provided, however, that no such payment will be made which would increase the total of
16 the budget reserve account to more than ~~three percent (3%)~~ [five percent \(5%\)](#) of only the
17 estimated state general revenues as set by subsection (a) of this section. In the event that the
18 payment to be made into the budget reserve account would increase the amount in said account to
19 more than ~~three percent (3%)~~ [five percent \(5%\)](#) of estimated state general revenues that said
20 amount shall be transferred to the ~~state bond capital~~ [Rhode Island Capital Plan](#) fund to be used
21 solely for ~~reduction of state indebtedness, payment of debt service, and/or~~ funding ~~of capital~~
22 [capital](#) projects.

23 (c) Within forty-five (45) days after the close of any fiscal year, all unencumbered
24 general revenue in the year end surplus account from the said fiscal year shall be transferred to
25 the general fund.

26 RESOLVED, That the said proposition of amendment shall be submitted to the electors
27 for their approval or rejection at the next statewide general election. The voting places in the
28 several cities and towns shall be kept open during the hours required by law for voting therein;
29 and be it further

30 RESOLVED, That the secretary of state shall cause said proposition of amendment to be
31 published as a part of this resolution in the newspapers of the state prior to the date of the said
32 meetings of the said electors; and the said proposition shall be inserted in the warrants or notices
33 to be issued previous to said meetings of the electors for the purpose of warning the town, ward,
34 or district meetings, and said proposition shall be read by the town, ward or district clerks to the

1 electors in the town, ward, or district meetings to be held as aforesaid; and be it further

2 RESOLVED, That the town, ward, or district meetings to be held aforesaid shall be
3 warned, and the list of voters shall be canvassed and made up, and the said town, ward, or district
4 meetings shall be conducted in the same manner as now provided by law for the town, ward, and
5 district meetings for the statewide general election.

6 This article shall take effect upon passage.

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1 (c) The division shall analyze, evaluate, and appraise the tax system of the state, and
2 make recommendations for its revision in accordance with the best interests of the economy of
3 the state;

4 (d) The division shall be responsible for preparing the tax expenditures report as required
5 in section 44-48.1-1;

6 (e) The division shall be responsible for preparing cost benefit analyses of all tax
7 expenditures.

8 **42-140-4. Division of property valuation.** – (a) There is hereby established within the
9 department of revenue a division of property valuation. The head of the office shall be the chief
10 of property valuation.

11 (b) The division of property valuation shall have the following duties:

12 (i) Provide assistance and guidance to municipalities in complying with state law;

13 (ii) To encourage cooperation between municipalities and the state in calculating,
14 evaluating and distributing state aid;

15 (iii) To maintain a data center of information of use to municipalities;

16 (iv) To maintain and compute financial and equalized property value information for the
17 benefit of municipalities and public policy decision makers;

18 (v) To encourage and assure compliance with state laws and policies relating to
19 municipalities especially in the areas of public disclosure, tax levies, financial reporting, and
20 property tax issues;

21 (vi) To encourage cooperation between municipalities and the state by distributing
22 information and by providing technical assistance to municipalities;

23 (vii) To give guidance to public decision makers on the equitable distribution of state aid
24 to municipalities;

25 (viii) To provide technical assistance for property tax administration.

26 SECTION 2. Section 16-3-19 of the General Laws in Chapter 16-3 entitled
27 "Establishment of Regional School Districts" is hereby amended to read as follows:

28 **16-3-19. Costs of operation -- Payment of debts -- Apportionment among district**
29 **members.** -- (a) (1) The cost of the operation of a regional school district and the cost of payment
30 of an indebtedness of the regional school district authorized by the regional school district
31 financial meeting or regional representatives under the provisions of section 16-3-14 shall be
32 borne by the member towns and/or cities that comprise the regional school district in that
33 proportion that the equalized weighted assessed valuation of the property of the towns and cities
34 that lie within the regional school district as determined from the latest figure certified by the

1 department of ~~administration~~ revenue bears to the total equalized weighted assessed valuation of
2 the total property of the regional school district, or, if the figures from the department of
3 ~~administration~~ revenue are not available, the latest figures on equalized weighted assessed
4 valuation used by the state department of elementary and secondary education in determining
5 equalization aid under chapter 7 of this title shall be used.

6 (2) However, the apportionment of the cost of operating a regional school district and the
7 cost of paying indebtedness may be determined by the members towns and/or cities that comprise
8 the regional school district in a manner approved by a majority vote within each member
9 community.

10 (b) On or before March 1 in each year the treasurer of the regional school district shall
11 determine the proportionate share of the cost of the operation and the cost of the capital debt
12 service payments of the regional school district for the next regional school district fiscal year to
13 be borne by the towns and/or cities that comprise the regional school district in the manner
14 prescribed in subsection (a) of this section, and he or she shall notify the town or city treasurer of
15 the towns and/or cities comprising the regional school district of the total amount of money
16 necessary to be raised from the regional school district taxpayers of each town or city for the
17 operation of the regional school district for the fiscal year following.

18 SECTION 3. Sections 16-7-16, 16-7-21 and 16-7-36 of the General Laws in Chapter 16-7
19 entitled "Foundation Level School Support" are hereby amended to read as follows:

20 **16-7-16. Definitions.** -- The following words and phrases used in sections 16-7-15 to 16-
21 7-34 have the following meanings:

22 (1) "Adjusted equalized weighted assessed valuation" means the equalized weighted
23 assessed valuation of a community as determined by the department of ~~administration~~ revenue or
24 as apportioned by the commissioner pursuant to the provisions of section 16-7-21;

25 (2) "Average daily membership" means the average number of pupils in a community
26 during a school year as determined pursuant to the provisions of section 16-7-22, less any
27 students who are served in a program operated by the state and which program is part of the
28 operations aid formula;

29 (3) "Basic program" means the cost of education of resident pupils in grades twelve (12)
30 and below in average daily membership for the reference year as determined by the mandated
31 minimum program level plus all transportation costs including school bus monitors;

32 (4) "Certified personnel" means all persons who are required to hold certificates issued
33 by or under the authority of the board of regents for elementary and secondary education;

34 (5) "Community" means any city, town, or regional school district established pursuant

1 to law and/or the department of children, youth, and families; provided, however, that the
2 department of children, youth, and families shall not have those administrative responsibilities
3 and obligations as set forth in chapter 2 of this title; provided, however, that the member towns of
4 the Chariho regional high school district, created by P.L. 1958, chapter 55 as amended, shall
5 constitute separate and individual communities for the purpose of determining and distributing
6 the foundation level school support including state aid for noncapital excess expenses for the
7 special education of children with disabilities provided for in section 16-24-6 for all grades
8 financed in whole or in part by the towns irrespective of any regionalization and any school
9 operated by the state department of elementary and secondary education;

10 (6) "Department of children, youth, and families" means that department created
11 pursuant to chapter 72 of title 42. For purposes of this section, sections 16-7-20, 16-24-2, and 42-
12 72-5(b)(22), "children" means those children who are placed, assigned, or otherwise
13 accommodated for residence by the department of children, youth, and families in a state operated
14 or supported community residence licensed by a state agency and the residence operates an
15 educational program approved by the department of elementary and secondary education;

16 (7) "Equalized weighted assessed valuation" means the equalized weighted assessed
17 valuation for a community as determined by the ~~department of administration~~ [division of property](#)
18 [valuation](#) pursuant to the provisions of section 16-7-21;

19 (8) "Full time equivalency students" means the time spent in a particular activity divided
20 by the amount of time in a normal school day;

21 (9) "Incentive entitlement" means the sum payable to a local school district under the
22 formula used;

23 (10) "Mandated minimum program level" means the amount that shall be spent by a
24 community for every pupil in average daily membership as determined pursuant to the provisions
25 of section 16-7-18;

26 (11) "Reference year" means the next year prior to the school year immediately
27 preceding that in which the aid is to be paid; and

28 (12) "Regularly employed" and "service" as applied to certified personnel have the same
29 meaning as defined in chapter 16 of this title.

30 **16-7-21. Determination and adjustment of equalized weighted assessed valuation. --**

31 On or before August 1 of each year [the division of property valuation within](#) the department of
32 ~~administration~~ [revenue](#), shall determine and certify to the commissioner of elementary and
33 secondary education the equalized weighted assessed valuation for each city and town in the
34 following manner:

1 (1) The total assessed valuations of real and tangible personal property for each city and
2 town as of December 31 of the third preceding calendar year shall be weighted by bringing the
3 valuation to the true and market value of real and tangible personal property. The total assessed
4 valuations of real and tangible personal property for all cities and towns shall be applied to the
5 true and market valuations of the property for all cities and towns and the resulting percentage
6 shall determine the average throughout the state. This percentage applied to the sum of the total
7 true and market value of real and tangible personal property of each city and town shall be the
8 equalized weighted assessed valuation of each city and town.

9 (2) The equalized weighted assessed valuation for each city and town shall be allocated
10 to the particular city or town, and in the case of a regional school district which does not service
11 all grades, except the Chariho regional high school district, the commissioner of elementary and
12 secondary education shall apportion that proportion of the equalized weighted assessed valuation
13 of the member cities or towns which the average daily membership serviced by the regional
14 school district bears to the total average daily membership, and the equalized weighted assessed
15 valuation of the member cities and towns shall be appropriately reduced.

16 (3) The equalized weighted assessed valuation for each community as allocated or
17 apportioned in accordance with subdivision (2) of this section shall be adjusted by the ratio which
18 the median family income of a city or town bears to the statewide median family income as
19 reported in the latest available federal census data. The total state adjusted equalized weighted
20 assessed valuation shall be the same as the total state equalized weighted assessed valuation.

21 **16-7-36. Definitions.** -- The following words and phrases used in sections 16-7-35 to 16-
22 7-47 have the following meanings:

23 (1) "Adjusted equalized weighted assessed valuation" means the equalized weighted
24 assessed valuation for a community as determined by [the division of property valuation within](#) the
25 department of ~~administration~~ [revenue](#) in accordance with section 16-7-21; provided, however,
26 that in the case of a regional school district the commissioner of elementary and secondary
27 education shall apportion the adjusted equalized weighted assessed valuation of the member cities
28 or towns among the regional school district and the member cities or towns according to the
29 proportion that the number of pupils of the regional school district bears to the number of pupils
30 of the member cities or towns.

31 (2) "Approved project" means a project which has complied with the administrative
32 regulations governing sections 16-7-35 through 16-7-47, and which has been authorized to
33 receive state school housing reimbursement by the commissioner of elementary and secondary
34 education.

1 (3) "Community" means any city, town, or regional school district established pursuant
2 to law; provided, however, that the member towns of the Chariho regional high school district,
3 created by P.L. 1958, ch. 55, as amended, shall constitute separate and individual communities
4 for the purposes of distributing the foundation level school support for school housing for all
5 grades financed in whole or in part by the towns irrespective of any regionalization.

6 (4) "Reference year" means the year next prior to the school year immediately preceding
7 that in which aid is to be paid.

8 SECTION 4. Section 31-2-1 of the General Laws in Chapter 31-2 entitled "Division of
9 Motor Vehicles" is hereby amended to read as follows:

10 **31-2-1. Establishment -- Duties -- Chief of division.** -- Within the department of
11 ~~administration~~ revenue there shall be a division of motor vehicles. The division will be
12 responsible for activities assigned to it by law, including, but not limited to, motor vehicle
13 registration, testing and licensing of motor vehicle operators, inspection of motor vehicles, and
14 enforcement of laws relating to the issuance, suspension and revocation of motor vehicle
15 registrations and drivers' licenses. The division shall administer the financial responsibility law.
16 The chief of the division shall use the title and designation "registrar" or "administrator" on all
17 licenses, registrations, orders of suspensions, financial responsibility notices or orders, or any
18 other official documents issued or promulgated by the division. He or she shall exercise all
19 powers and duties prescribed by chapters 1 -- 27 of this title and shall supervise and direct the
20 promotion of highway traffic safety.

21 SECTION 5. Section 35-1-2 of the General Laws in Chapter 35-1 entitled "Fiscal
22 Functions of Department of Administration" is hereby repealed.

23 ~~**35-1-2. Division of research.** -- Within the department of administration there shall be a
24 division of research for the purpose of carrying on a continuing program of research in the fields
25 of governmental and financial administration and taxation. All agencies of the state government
26 shall furnish to this division all data which may be required in carrying out its studies.~~

27 SECTION 6. Section 36-4-2 of the General Laws in Chapter 36-4 entitled "Merit
28 System" is hereby amended to read as follows:

29 **36-4-2. Positions in unclassified service.** -- The classified service shall comprise all
30 positions in the state service now existing or hereinafter established, except the following specific
31 positions which with other positions heretofore or hereinafter specifically exempted by legislative
32 act shall constitute the unclassified service:

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

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

2 (3) Officers, secretaries, and employees of the office of the governor, office of the
3 lieutenant governor, department of state, department of the attorney general, and the treasury
4 department.

5 (4) Members of boards and commissions appointed by the governor, members of the
6 state board of elections and the appointees of the board, members of the commission for human
7 rights and the employees of the commission, and directors of departments.

8 (5) The following specific offices:

9 (i) In the department of administration: director, chief information officer;

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

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

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

14 (v) In the department of health: director;

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

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

18 (viii) In the department of transportation: director;

19 (ix) In the department of human services: director;

20 (x) In the state properties committee: secretary;

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

23 (xii) In the department of elderly affairs: director;

24 (xiii) In the department of mental health, retardation, and hospitals: director;

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

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

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

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

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

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

1 (7) One confidential stenographic secretary for each director of a department and each
2 board and commission appointed by the governor.

3 (8) Special counsel, special prosecutors, regular and special assistants appointed by the
4 attorney general, the public defender and employees of his or her office, and members of the
5 Rhode Island bar occupying a position in the state service as legal counsel to any appointing
6 authority.

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

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

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

15 (12) Election officials and employees.

16 (13) Administrator, executive high sheriff, sheriffs, chief deputy sheriffs, deputy sheriffs,
17 and other employees of the sheriff's division within the department of administration and security
18 officers of the traffic tribunal.

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

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

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

33 (16) Members of the division of state police.

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

- 1 (18) Artist and curator of state owned art objects.
2 (19) Mental health advocate.
3 (20) Child advocate.
4 (21) The position of aquaculture coordinator and dredge coordinator within the coastal
5 resources management council.

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

7 [\(23\) In the department of revenue: the director, secretary, attorney.](#)

8 SECTION 7. Sections 42-6-1, 42-6-2 and 42-6-3 of the General Laws in Chapter 42-6
9 entitled "Departments of State Government" are hereby amended to read as follows:

10 **42-6-1. Enumeration of departments.** -- All the administrative powers and duties
11 heretofore vested by law in the several state departments, boards, divisions, bureaus,
12 commissions, and other agencies shall be vested in the following departments and other agencies
13 which are specified in this title:

- 14 (a) Executive department (chapter 7 of this title);
15 (b) Department of state (chapter 8 of this title);
16 (c) Department of the attorney general (chapter 9 of this title);
17 (d) Treasury department (chapter 10 of this title);
18 (e) Department of administration (chapter 11 of this title);
19 (f) Department of business regulation (chapter 14 of this title);
20 (g) Department of children, youth, and families (chapter 72 of this title);
21 (h) Department of corrections (chapter 56 of this title);
22 (i) Department of elderly affairs (chapter 66 of this title);
23 (j) Department of elementary and secondary education (chapter 60 of title 16);
24 (k) [Deleted by P.L. 1996, ch. 226, section 5.]
25 (l) Department of environmental management (chapter 17.1 of this title);
26 (m) Department of health (chapter 18 of this title);
27 (n) Board of governors for higher education (chapter 59 of title 16);
28 (o) Department of labor and training (chapter 16.1 of this title);
29 (p) Department of mental health, retardation, and hospitals (chapter 12.1 of this title);
30 (q) Department of human services (chapter 12 of this title);
31 (r) [Deleted by P.L. 1996, ch. 100, art. 29, section 8.]
32 (s) Department of transportation (chapter 13 of this title);
33 (t) Public utilities commission (chapter 14.3 of this title).
34 (u) [Deleted by P.L. 1995, ch. 370, art. 14, section 1.]

1 [\(v\) Department of revenue \(chapter 140 of title 44\).](#)

2 **42-6-2. Heads of departments.** -- The governor, secretary of state, attorney general, and
3 general treasurer, hereinafter called general officers, shall each be in charge of a department.
4 There shall also be a director of administration, [a director of revenue](#), a director of human
5 services, a director of mental health, retardation, and hospitals, a director of transportation, a
6 director of business regulation, a director of labor and training, a director of environmental
7 management, a director for children, youth, and families, a director of elderly affairs, and director
8 of corrections. Each director shall hold office at the pleasure of the governor and he or she shall
9 serve until his or her successor is duly appointed and qualified unless the director is removed
10 from office by special order of the governor.

11 **42-6-3. Appointment of directors.** -- (a) At the January session following his or her
12 election to office, the governor shall appoint a director of administration, [a director of revenue](#), a
13 director of human services, a director of mental health, retardation, and hospitals, a director of
14 transportation, a director of business regulation, a director of labor and training, a director of
15 environmental management, a director for children, youth and families, a director of elderly
16 affairs, and a director of corrections. The governor shall, in all cases of appointment of a director
17 while the senate is in session, notify the senate of his or her appointment and the senate shall,
18 within sixty (60) legislative days after receipt of the notice, act upon the appointment. If the
19 senate shall, within sixty (60) legislative days, vote to disapprove the appointment it shall so
20 notify the governor, who shall forthwith appoint and notify the senate of the appointment of a
21 different person as director and so on in like manner until the senate shall fail to so vote
22 disapproval of the governor's appointment. If the senate shall fail, for sixty (60) legislative days
23 next after notice, to act upon any appointment of which it has been notified by the governor, the
24 person so appointed shall be the director. The governor may withdraw any appointment of which
25 he or she has given notice to the senate, at any time within sixty (60) legislative days thereafter
26 and before action has been taken thereon by the senate.

27 (b) Except as expressly provided in section 42-6-9, no director of any department shall
28 be appointed or employed pursuant to any contract of employment for a period of time greater
29 than the remainder of the governor's current term of office. Any contract entered into in violation
30 of this section after [July 1, 1994]is hereby declared null and void.

31 SECTION 8. Sections 42-11-2 and 42-11-12 of the General Laws in Chapter 42-11
32 entitled "Department of Administration" are hereby amended to read as follows:

33 **42-11-2. Powers and duties of department.** -- The department of administration shall
34 have the following powers and duties:

- 1 (a) To prepare a budget for the several state departments and agencies, subject to the
2 direction and supervision of the governor;
- 3 (b) To administer the budget for all state departments and agencies, except as
4 specifically exempted by law;
- 5 (c) To devise, formulate, promulgate, supervise, and control accounting systems,
6 procedures, and methods for the state departments and agencies, conforming to such accounting
7 standards and methods as are prescribed by law;
- 8 (d) To purchase or to contract for the supplies, materials, articles, equipment, printing,
9 and services needed by state departments and agencies, except as specifically exempted by law;
- 10 (e) To prescribe standard specifications for those purchases and contracts and to enforce
11 compliance with specifications;
- 12 (f) To supervise and control the advertising for bids and awards for state purchases;
- 13 (g) To regulate the requisitioning and storage of purchased items, the disposal of surplus
14 and salvage, and the transfer to or between state departments and agencies of needed supplies,
15 equipment, and materials;
- 16 (h) To maintain, equip, and keep in repair the state house, state office building, and other
17 premises owned or rented by the state for the use of any department or agency, excepting those
18 buildings, the control of which is vested by law in some other agency;
- 19 (i) To provide for the periodic inspection, appraisal or inventory of all state buildings and
20 property, real and personal;
- 21 (j) To require reports from state agencies on the buildings and property in their custody;
- 22 (k) To issue regulations to govern the protection and custody of the property of the state;
- 23 (l) To assign office and storage space and to rent and lease land and buildings for the use
24 of the several state departments and agencies in the manner provided by law;
- 25 (m) To control and supervise the acquisition, operation, maintenance, repair, and
26 replacement of state-owned motor vehicles by state agencies;
- 27 (n) To maintain and operate central duplicating and mailing service for the several state
28 departments and agencies;
- 29 (o) To furnish the several departments and agencies of the state with other essential
30 office services;
- 31 (p) To survey and examine the administration and operation of the state departments and
32 agencies, submitting to the governor proposals to secure greater administrative efficiency and
33 economy, to minimize the duplication of activities, and to effect a better organization and
34 consolidation of functions among state agencies;

1 ~~(q) To assess and collect all taxes levied by the state by virtue of the various laws of the~~
2 ~~state;~~

3 ~~(r) To analyze, evaluate, and appraise the tax system of the state, and to make~~
4 ~~recommendations for its revision in accordance with the best interests of the economy of the~~
5 ~~state;~~

6 (s) To operate a merit system of personnel administration and personnel management as
7 defined in section 36-3-3 in connection with the conditions of employment in all state
8 departments and agencies within the classified service;

9 (t) To assign or reassign, with the approval of the governor, any functions, duties, or
10 powers established by this chapter to any agency within the department;

11 (u) To establish, maintain, and operate a data processing center or centers, approve the
12 acquisition and use of electronic data processing services by state agencies, furnish staff
13 assistance in methods, systems and programming work to other state agencies, and arrange for
14 and effect the centralization and consolidation of punch card and electronic data processing
15 equipment and services in order to obtain maximum utilization and efficiency;

16 (v) To devise, formulate, promulgate, supervise, and control a comprehensive and
17 coordinated statewide information system designed to improve the data base used in the
18 management of public resources, to consult and advise with other state departments and agencies
19 and municipalities to assure appropriate and full participation in this system, and to encourage the
20 participation of the various municipalities of this state in this system by providing technical or
21 other appropriate assistance toward establishing, within those municipalities, compatible
22 information systems in order to obtain the maximum effectiveness in the management of public
23 resources;

24 (1) The comprehensive and coordinated statewide information system may include a
25 Rhode Island geographic information system of land-related economic, physical, cultural and
26 natural resources.

27 (2) In order to ensure the continuity of the maintenance and functions of the geographic
28 information system, the general assembly may annually appropriate such sum as it may deem
29 necessary to the department of administration for its support.

30 (w) To administer a statewide planning program including planning assistance to the
31 state departments and agencies;

32 (x) To administer a statewide program of photography and photographic services;

33 (y) To negotiate with public or private educational institutions in the state, in cooperation
34 with the department of health, for state support of medical education;

1 (z) To promote the expansion of markets for recovered material and to maximize their
2 return to productive economic use through the purchase of materials and supplies with recycled
3 content by the state of Rhode Island to the fullest extent practically feasible;

4 (aa) To approve costs as provided in section 23-19-32; and

5 (bb) To provide all necessary civil service tests for child protective investigators and
6 social workers at least twice each year and to maintain an adequate hiring list for these positions
7 at all times.

8 (cc) To prepare a report every three (3) months by all current property leases or rentals
9 by any state or quasi-state agency to include the following information:

10 (1) Name of lessor;

11 (2) Description of the lease (purpose, physical characteristics, and location);

12 (3) Cost of the lease;

13 (4) Amount paid to date;

14 (5) Date initiated;

15 (6) Date covered by the lease.

16 (dd) To provide by December 31, 1995 the availability of automatic direct deposit to any
17 recipient of a state benefit payment, provided that the agency responsible for making that
18 payment generates one thousand (1,000) or more such payments each month.

19 ~~(ee) To operate a division of motor vehicles. The division will be responsible for~~
20 ~~activities assigned to it by law, including but not limited to, motor vehicle registration, testing and~~
21 ~~licensing of motor vehicle operators, inspection of motor vehicles, and enforcement of laws~~
22 ~~relating to the issuance, suspension and revocation of motor vehicle registrations and drivers'~~
23 ~~licenses. The division shall administer the financial responsibility law. The chief of the division~~
24 ~~shall use the title and designation "administrator" on all licenses, registrations, orders of~~
25 ~~suspensions, financial responsibility notices or orders, or any other official documents issued or~~
26 ~~promulgated by the division.~~

27 ~~(ff)~~ (ee) To operate the Rhode Island division of sheriffs as provided in section 42-11-21.

28 ~~(gg) To operate a statewide child support enforcement program in accordance with title~~
29 ~~IV-D of the Social Security Act and under title 15 of the Rhode Island general laws.~~

30 **42-11-12. Transfer of functions from the department of community affairs.** -- (a)

31 There are hereby transferred to the department of administration those functions formerly
32 administered by the department of community affairs relating to:

33 ~~(1) Administration of aid to municipalities;~~

34 (2) Local planning assistance;

- 1 (3) Community development training; [and](#)
2 ~~(4) Technical local government assistance;~~
3 ~~(5) Equalized weighted assessed;~~
4 ~~(6) Property tax administration assistance; and~~
5 (7) Building code standards committee.

6 (b) In addition to any of its other powers and responsibilities, the department is
7 authorized and empowered to accept any grants made available by the United States government
8 or any agency thereof, and the department, with the approval of the governor, is authorized and
9 empowered to perform such acts and enter into all necessary contracts and agreements with the
10 United States of America or any agency thereof as may be necessary in such manner and degree
11 as shall be deemed to be in the best interest of the state. The proceeds of the grants so received
12 shall be paid to the general treasurer of the state and by him or her deposited in a separate fund
13 and shall be utilized for the purposes of those grants.

14 SECTION 9. Sections 42-61-1, 42-61-3 and 42-61-4 of the General Laws in Chapter 42-
15 61 entitled "State Lottery" are hereby amended to read as follows:

16 **42-61-1. Division of state lottery established.** -- (a) There is established a state lottery
17 division within the department of ~~administration.~~ [revenue.](#)

18 **42-61-3. Appointment of director of lotteries.** -- The lotteries shall be under the
19 immediate supervision and direction of a director, who shall be a qualified person to administer
20 an enterprise of the nature of a lottery. The director shall be appointed by the governor to a five
21 (5) year term with the advice and consent of the senate. The appointment shall be reviewed or
22 vetted by the Permanent Joint Committee on State Lottery according to Article 6 Section 15 of
23 the Rhode Island Constitution. The director shall serve until his or her successor is appointed and
24 qualified. Any vacancy occurring in the office of the director shall be filled in the same manner as
25 the original appointment. Pursuant to section 42-6-4, in the case of a vacancy while the senate is
26 not in session, the governor shall appoint a director to hold the office until the next session
27 thereof; provided, that no person should serve in such a position for more than three (3)
28 legislative days after the senate convenes unless that person's name shall have been submitted to
29 the senate for its approval. The director shall devote his or her entire time and attention to the
30 duties of his or her office and shall not be engaged in any other profession or occupation. He or
31 she shall receive any salary that the director of the department of ~~administration~~ [revenue](#) shall
32 determine and shall be in the unclassified service.

33 The director of lotteries shall be removable by the governor, pursuant to the provisions
34 of section 36-1-7 and for cause only, and removal solely for partisan or personal reasons

1 unrelated to capacity or fitness for the office shall be unlawful.

2 **42-61-4. Powers and duties of director.** -- The director shall have the power and it shall
3 be his or her duty to:

4 (1) Supervise and administer the operation of lotteries in accordance with this chapter,
5 chapter 61.2 of this title and with the rules and regulations of the division;

6 (2) Act as the chief administrative officer having general charge of the office and records
7 and to employ necessary personnel to serve at his pleasure and who shall be in the unclassified
8 service and whose salaries shall be set by the director of the department of ~~administration~~
9 revenue, pursuant to the provisions of section ~~36-4-16.~~ 42-61-3.

10 (3) In accordance with this chapter and the rules and regulations of the division, license
11 as agents to sell lottery tickets those persons, as in his or her opinion, who will best serve the
12 public convenience and promote the sale of tickets or shares. The director may require a bond
13 from every licensed agent, in an amount provided in the rules and regulations of the division.
14 Every licensed agent shall prominently display his or her license, or a copy of their license, as
15 provided in the rules and regulations of the committee;

16 (4) Confer regularly as necessary or desirable, and not less than once each month, with
17 the permanent joint committee on state lottery on the operation and administration of the lotteries;
18 make available for inspection by the committee, upon request, all books, records, files, and other
19 information, and documents of the division; advise the committee and recommend those matters
20 that he or she deems necessary and advisable to improve the operation and administration of the
21 lotteries;

22 (5) Suspend or revoke any license issued pursuant to this chapter, chapter 61.2 of this
23 title or the rules and regulations promulgated under this chapter and chapter 61.2 of this title;

24 (6) Enter into contracts for the operation of the lotteries, or any part of the operation of
25 the lotteries, and into contracts for the promotion of the lotteries;

26 (7) Ensure that monthly financial reports are prepared providing gross monthly revenues,
27 prize disbursements, other expenses, net income, and the amount transferred to the state general
28 fund for keno and for all other lottery operations; submit this report to the state budget officer, the
29 auditor general, the permanent joint committee on state lottery, the legislative fiscal advisors, and
30 the governor no later than the twentieth business day following the close of the month; the
31 monthly report shall be prepared in a manner prescribed by the members of the revenues
32 estimating conference; at the end of each fiscal year the director shall submit an annual report
33 based upon an accrual system of accounting which shall include a full and complete statement of
34 lottery revenues, prize disbursements and expenses, to the governor and the general assembly,

1 which report shall be a public document and shall be filed with the secretary of state;

2 (8) Carry on a continuous study and investigation of the state lotteries throughout the
3 state, and the operation and administration of similar laws which may be in effect in other states
4 or countries;

5 (9) Implement the creation and sale of commercial advertising space on lottery tickets as
6 authorized by section 42-61-4 of this chapter as soon as practicable after June 22, 1994;

7 (10) Promulgate rules and regulations which shall include but not be limited to:

8 (i) The price of tickets or shares in the lotteries;

9 (ii) The number and size of the prizes on the winning tickets or shares;

10 (iii) The manner of selecting the winning tickets or shares;

11 (iv) The manner of payment of prizes to the holders of winning tickets or shares;

12 (v) The frequency of the drawings or selections of winning tickets or shares;

13 (vi) The number and types of location at which tickets or shares may be sold;

14 (vii) The method to be used in selling tickets or shares;

15 (viii) The licensing of agents to sell tickets or shares, except that a person under the age
16 of eighteen (18) shall not be licensed as an agent;

17 (ix) The license fee to be charged to agents;

18 (x) The manner in which the proceeds of the sale of lottery tickets or shares are
19 maintained, reported, and otherwise accounted for;

20 (xi) The manner and amount of compensation to be paid licensed sales agents necessary
21 to provide for the adequate availability of tickets or shares to prospective buyers and for the
22 convenience of the general public;

23 (xii) The apportionment of the total annual revenue accruing from the sale of lottery
24 tickets or shares and from all other sources for the payment of prizes to the holders of winning
25 tickets or shares, for the payment of costs incurred in the operation and administration of the
26 lotteries, including the expense of the division and the costs resulting from any contract or
27 contracts entered into for promotional, advertising, consulting, or operational services or for the
28 purchase or lease of facilities, lottery equipment, and materials, for the repayment of moneys
29 appropriated to the lottery fund;

30 (xiii) The superior court upon petition of the director after a hearing may issue
31 subpoenas to compel the attendance of witnesses and the production of documents, papers, books,
32 records, and other evidence in any matter over which it has jurisdiction, control or supervision. If
33 a person subpoenaed to attend in the proceeding or hearing fails to obey the command of the
34 subpoena without reasonable cause, or if a person in attendance in the proceeding or hearing

1 refuses without lawful cause to be examined or to answer a legal or pertinent question or to
2 exhibit any book, account, record, or other document when ordered to do so by the court, that
3 person may be punished for contempt of the court;

4 (xiv) The manner, standards, and specification for a process of competitive bidding for
5 division purchases and contracts; and

6 (xv) The sale of commercial advertising space on the reverse side of, or in other
7 available areas upon, lottery tickets provided that all net revenue derived from the sale of the
8 advertising space shall be deposited immediately into the state's general fund and shall not be
9 subject to the provisions of section 42-61-15; and

10 (11) [Effective until June 30, 2006.]Notwithstanding any general law, public law, or
11 regulation to the contrary, implement, without division approval, changes in the structures of the
12 following lottery games: Powerball, Keno and Hot Trax.

13 SECTION 10. Sections 44-1-1 and 44-1-2 of the General Laws in Chapter 44-1 entitled
14 "State Tax Officials" are hereby amended to read as follows:

15 **44-1-1. Tax administrator -- Appointment. --** There shall be a tax administrator within
16 the department of ~~administration~~ revenue appointed by the director of ~~administration~~ revenue
17 with the approval of the governor.

18 **44-1-2. Powers and duties of tax administrator. --** The tax administrator is required:

19 (1) To assess and collect all taxes previously assessed by the division of state taxation in
20 the department of revenue and regulation, including the franchise tax on domestic corporations,
21 corporate excess tax, tax upon gross earnings of public service corporations, tax upon interest
22 bearing deposits in national banks, the inheritance tax, tax on gasoline and motor fuels, and tax on
23 the manufacture of alcoholic beverages;

24 (2) To assess and collect the taxes upon banks and insurance companies previously
25 administered by the division of banking and insurance in the department of revenue and
26 regulation, including the tax on foreign and domestic insurance companies, tax on foreign
27 building and loan associations, deposit tax on savings banks, and deposit tax on trust companies;

28 (3) To assess and collect the tax on pari-mutuel or auction mutuel betting, previously
29 administered by the division of horse racing in the department of revenue and regulation;

30 ~~(4) To collect the fees and to account for all funds relating to the registration of motor~~
31 ~~vehicles and the licensing of operators, previously administered by the division of motor vehicles~~
32 ~~in the department of revenue and regulation.~~

33 SECTION 11. Section 44-1-30 of the General Laws in Chapter 44-1 entitled "State Tax
34 Officials" is hereby repealed.

1 ~~44-1-30. Report by the tax administrator to the speaker of the house of~~
2 ~~representatives. — The tax administrator shall periodically report to the speaker of the house of~~
3 ~~representatives on the adequacy of the estate tax exemption, the marital deduction, and the~~
4 ~~orphan's deduction provided in chapter 22 of title 44 in light of changing economic conditions~~
5 ~~and on the trends in death taxation at both the federal and state levels. The reports are due on~~
6 ~~January 31st of each fifth (5th) year after 1985.~~

7 SECTION 12. Sections 44-5-2, 44-5-11.7 and 44-5-69 of the General Laws in Chapter
8 44-5 entitled "Levy and Assessment of Local Taxes" are hereby amended to read as follows:

9 **44-5-2. Maximum levy.** -- (a) A city and town may levy a tax in an amount not more
10 than five and one-half percent (5.5%) in excess of the amount levied and certified by that city or
11 town for the prior year. The amount levied by a city or town is deemed to be consistent with the
12 five and one-half percent (5.5%) levy growth cap if the tax rate is not more than one hundred and
13 five and one-half percent (105.5%) of the prior year's tax rate and the budget resolution or
14 ordinance, as applicable, specifies that the tax rate is not increasing by more than five and one-
15 half percent (5.5%) except as specified in subsection (c) of this section. In all years when a
16 revaluation or update is not being implemented, a tax rate is deemed to be one hundred five and
17 one-half percent (105.5%) or less of the prior year's tax rate if the tax on a parcel of real property,
18 the value of which is unchanged for purpose of taxation, is no more than one hundred five and
19 one-half percent (105.5%) of the prior year's tax on the same parcel of real property. In any year
20 when a revaluation or update is being implemented, the tax rate is deemed to be one hundred five
21 and one-half percent (105.5%) of the prior year's tax rate as certified by the division of local
22 government assistance in the department of administration.

23 (b) The ~~office of municipal affairs~~ division of property valuation in the department of
24 ~~administration~~ revenue shall monitor city and town compliance with this levy cap, issue periodic
25 reports to the general assembly on compliance, and make recommendations on the continuation
26 or modification of the levy cap on or before December 31, 1987, December 31, 1990, and
27 December 31, every third year thereafter. The chief elected official in each city and town shall
28 provide to the office of municipal affairs within thirty (30) days of final action, in the form
29 required, the adopted tax levy and rate and other pertinent information.

30 (c) The amount levied by a city or town may exceed the five and one-half percent (5.5%)
31 increase as specified in subsection (a) of this section if the city or town qualifies under one or
32 more of the following provisions:

33 (1) The city or town forecasts or experiences a loss in total non-property tax revenues
34 and the loss is certified by the department of administration.

1 (2) The city or town experiences or anticipates an emergency situation, which causes or
2 will cause the levy to exceed five and one-half percent (5.5%). In the event of an emergency or an
3 anticipated emergency, the city or town shall notify the auditor general who shall certify the
4 existence or anticipated existence of the emergency.

5 (3) A city or town forecasts or experiences debt services expenditures which are more
6 than one hundred five and one-half percent (105.5%) of the prior year's debt service expenditures
7 and which are the result of bonded debt issued in a manner consistent with general law or a
8 special act. In the event of the debt service increase, the city or town shall notify the department
9 of administration which shall certify the debt service increase above one hundred five and one-
10 half percent (105.5%) of the prior year's debt service. No action approving or disapproving
11 exceeding a levy cap under the provisions of this section affects the requirement to pay
12 obligations as described in subsection (d) of this section.

13 (4) Any levy pursuant to subsection (c) of this section in excess of the five and one-half
14 percent (5.5%) shall be approved by a majority vote of the governing body of the city or town or
15 in the case of a city or town having a financial town meeting, the majority of the electors present
16 and voting at the town financial meeting shall approve the excess levy.

17 (d) Nothing contained in this section constrains the payment of present or future
18 obligations as prescribed by section 45-12-1, and all taxable property in each city or town is
19 subject to taxation without limitation as to rate or amount to pay general obligation bonds or notes
20 of the city or town except as otherwise specifically provided by law or charter.

21 **44-5-11.7. Permanent legislative oversight commission.** -- (a) (1) There is created a
22 permanent legislative commission on property taxation. The commission consists of the following
23 members:

- 24 (i) Chairperson of the house finance committee, or designee;
- 25 (ii) Chairperson of the senate finance committee, or designee;
- 26 (iii) Chief of the office of municipal affairs, or designee;
- 27 (iv) The president of the league of cities and towns;
- 28 (v) The executive director of the Rhode Island public expenditures council, or designee;
- 29 and
- 30 (vi) One member of the Rhode Island Assessors' Association.
- 31 [\(vii\) Director of the property valuation within the department of revenue.](#)

32 (2) The commission at its first meeting shall elect a chairperson from its membership.

33 (b) The purpose of the commission is to study and evaluate property tax related issues
34 including, but not limited to:

- 1 (1) Revaluation process;
- 2 (2) Exemptions and classifications;
- 3 (3) Uniform depreciation rates; and
- 4 (4) Any other issues which the commission determines are relevant to the issue of
- 5 property taxation.

6 (c) The members shall receive no compensation for their services. All departments and

7 agencies of the state shall furnish advice and information, documentary or otherwise to the

8 commission and its agents as is deemed necessary or desirable by the commission to facilitate the

9 purposes of the commission.

10 (d) The commission shall meet no less than three (3) times per year and shall report its

11 findings and recommendations to the general assembly on an annual basis.

12 **44-5-69. Local fire districts -- Publication of property tax data.** -- Every fire district

13 authorized to assess and collect taxes on real and personal property in the several cities and towns

14 in the state shall provide ~~to the office of municipal affairs in the~~ [to the division of property](#)

15 [valuation in the](#) department of ~~administration~~ [revenue](#) information on tax rates, budgets, assessed

16 valuations and other pertinent data upon forms provided by the office of municipal affairs. The

17 information shall be included in the department's annual state report on local governmental

18 finances and tax equalization.

19 SECTION 13. Section 44-13-13 of the General Laws in Chapter 44-13 entitled "Public

20 Service Corporation Tax" is hereby amended to read as follows:

21 **44-13-13. Taxation of certain tangible personal property.** -- The lines, cables,

22 conduits, ducts, pipes, machines and machinery, equipment, and other tangible personal property

23 within this state of telegraph, cable, and telecommunications corporations and express

24 corporations, used exclusively in the carrying on of the business of the corporation shall be

25 exempt from local taxation; provided, that nothing in this section shall be construed to exempt

26 any "community antenna television system company" (CATV) from local taxation; and provided,

27 that the tangible personal property of companies exempted from local taxation by the provisions

28 of this section shall be subject to taxation in the following manner:

29 (1) Definitions. - Whenever used in this section and in sections 44-13-13.1 and 44-13-

30 13.2, unless the context otherwise requires:

31 (i) "Average assessment ratio" means the total assessed valuation as certified on tax rolls

32 for the reference year divided by the full market value of the valuation as computed by the Rhode

33 Island department of ~~administration~~ [revenue](#) in accordance with section 16-7-21;

34 (ii) "Average property tax rate" means the statewide total property levy divided by the

1 statewide total assessed valuation as certified on tax rolls for the most recent tax year;

2 (iii) "Company" means any telegraph, cable, telecommunications, or express company
3 doing business within the state of Rhode Island;

4 (iv) "Department" means the department of ~~administration~~ revenue;

5 (v) "Population" shall mean the population as determined by the most recent census;

6 (vi) "Reference year" means the calendar year two (2) years prior to the calendar year
7 preceding that in which the tax payment provided for by this section is levied;

8 (vii) "Value of tangible personal property" of companies means the net book value of
9 tangible personal property of each company doing business in this state as computed by the
10 department of ~~administration~~ revenue. "Net book value" means the original cost less accumulated
11 depreciation; provided, that no tangible personal property shall be depreciated more than seventy-
12 five percent (75%) of its original cost.

13 (2) On or before March 1 of each year, each company shall declare to the department, on
14 forms provided by the department, the value of its tangible personal property in the state of
15 Rhode Island on the preceding December 31.

16 (3) On or before April 1, 1982 and each April 1 thereafter of each year, the ~~department~~
17 division of property valuation shall certify to the tax administrator the average property tax rate,
18 the average assessment ratio, and the value of tangible personal property of each company.

19 (4) The tax administrator shall apply the average assessment ratio and the average tax
20 rate to the value of tangible personal property of each company and, by April 15 of each year,
21 shall notify the companies of the amount of tax due.

22 (5) The tax shall be due and payable within sixty (60) days of the mailing of the notice
23 by the tax administrator. If the entire tax is not paid to the tax administrator when due, there shall
24 be added to the unpaid portion of the tax, and made a part of the tax, interest at the rate provided
25 for in section 44-1-7 from the date the tax was due until the date of the payment. The amount of
26 any tax, including interest, imposed by this section shall be a debt due from the company to the
27 state, shall be recoverable at law in the same manner as other debts, and shall, until collected,
28 constitute a lien upon all the company's property located in this state.

29 (6) The proceeds from the tax shall be allocated in the following manner:

30 (i) Payment of reasonable administrative expenses incurred by the department of
31 ~~administration~~ revenue, not to exceed three quarters of one percent (.75%), the payment to be
32 identified as general revenue and appropriated directly to the department;

33 (ii) The remainder of the proceeds shall be deposited in a restricted revenue account and
34 shall be apportioned to the cities and towns within this state on the basis of the ratio of the city or

1 town population to the population of the state as a whole. Estimated revenues shall be distributed
2 to cities and towns by July 30 and may be recorded as a receivable by each city and town for the
3 prior fiscal year.

4 SECTION 14. Section 44-34-12 of the General Laws in Chapter 44-34 entitled "Excise
5 on Motor Vehicles and Trailers" is hereby amended to read as follows:

6 **44-34-12. Cooperation of state agencies.** -- The department of administration shall
7 provide space and secretarial and clerical services to the Rhode Island vehicle value commission
8 without charge to the commission. The department of transportation, and the department of
9 ~~administration~~ revenue shall provide, consistent with law, information that is in their possession,
10 which the commission determines to be useful or necessary in the conduct of its responsibilities.

11 SECTION 15. Section 44-34.1-3 of the General Laws in Chapter 44-34.1 entitled "Motor
12 Vehicle and Trailer Excise Tax Elimination Act of 1998" is hereby amended to read as follows:

13 **44-34.1-3. Permanent oversight commission.** -- (a) There is created a permanent
14 oversight commission on inventory taxes and automobile excise taxes. The commission shall
15 consist of the following members:

- 16 (1) Chairperson of house finance committee, or designee;
- 17 (2) Chairperson of senate finance committee, or designee;
- 18 (3) Chairperson of the Rhode Island vehicle value commission;
- 19 (4) Three (3) members of the Rhode Island Assessors Association;
- 20 (5) Director of department of ~~administration~~ revenue, or designee;
- 21 (6) Chief of the ~~office of municipal affairs~~ division of property valuation, or designee;
- 22 (7) The president of the Rhode Island League of Cities and Towns, or designee;
- 23 (8) The administrator of the Rhode Island division of motor vehicles, or designee;
- 24 (9) The mayor of the city of Providence, or designee.

25 (b) The purpose of the commission shall be to study and evaluate the phase-out of the
26 automobile excise tax and to establish procedures when necessary to facilitate the phase-out of
27 the tax by July 1, 2005.

28 (c) The commission, at its first meeting, shall elect a chairperson from its membership.

29 (d) The commission shall meet no less than two (2) times per year at the call of the
30 chairperson or upon the request of at least three (3) of its members.

31 (e) The members shall receive no compensation for their services. All departments and
32 agencies of the state shall furnish advice and information, documentary or otherwise, to the
33 commission and its agents as is deemed necessary or desirable by the commission to facilitate the
34 purposes of the commission.

1 SECTION 16. Section 44-48.1-1 of the General Laws in Chapter 44-48.1 entitled "Tax
2 Expenditure Reporting" is hereby amended to read as follows:

3 **44-48.1-1. Tax expenditure reporting.** -- (a) On or before the second Tuesday in
4 January of each even numbered year beginning in 2004, the ~~state tax administrator, to the extent~~
5 ~~possible within the appropriations provided for the purpose~~ chief of the office of revenue
6 analysis, shall deliver a tax expenditure report to the general assembly. Each report will provide
7 the minimum information for one hundred percent (100%) of tax expenditures in effect on
8 January 1 of the calendar year preceding the report's publication.

9 (b) For the purposes of this section, a "tax expenditure" is any tax credit, deduction,
10 exemption, exclusion, credit preferential tax rate, tax abatement, and tax deferral that provides
11 preferential treatment to selected taxpayers, whether directly through Rhode Island general laws
12 or constitutional provisions or indirectly through adoption of other tax codes.

13 (c) The information included for each tax expenditure shall include, but shall not be
14 limited to:

15 (1) The legal reference of the expenditures, including information whether the
16 expenditure is required as a result of federal or state constitutional, judicial, or statutory mandate.

17 (2) Amount of revenues forgone or an estimate, if the actual amount cannot be
18 determined, for the calendar year immediately preceding the publication of the report. The report
19 shall also include an estimate of revenue forgone for the calendar year in which the report is
20 published and the year following the report's publication. The tax administrator shall develop an
21 index of the reliability of each estimate using five (5) levels with level one being most reliable.
22 Where actual tax returns are the source of the estimate, the estimate should be assigned reliability
23 level one. Where no reliable data exists for the estimate, the estimate should be assigned
24 reliability level five (5). The reliability level shall be reported for the estimate of the revenues
25 forgone.

26 (3) To the extent allowable by law, identification of the beneficiaries of the exemption
27 by number, income, class and industry.

28 (4) A comparison of the tax expenditure to the tax systems of the other New England
29 states, with emphasis on Massachusetts and Connecticut.

30 (5) The data source(s) and analysis methodology.

31 (6) To the extent allowable by law, identification of similar taxpayers or industries that
32 do not enjoy the exemption.

33 (d) Each report shall include a section containing recommendations for improving the
34 effectiveness of the report as a tax policy tool. This section shall identify the resources required to

1 implement these recommendations and shall also contain an estimate of the costs associated with
2 such recommendations.

3 (e) On or before the second Tuesday in January 2004, the [chief of the office of revenue](#)
4 [analysis](#) shall make available to the general assembly a plan to improve Rhode Island's tax
5 expenditure reporting effort. The plan shall include measurable criteria to evaluate improvements
6 in the reliability of tax expenditure item estimates and the identification of beneficiaries of each
7 tax expenditure by number, income, class and industry. The plan shall also include cost estimates
8 of additional resources necessary to implement the plan, and may include any other information
9 that the tax administrator deems appropriate for inclusion in said plan.

10 SECTION 17. Section 44-58-3 of the General Laws in Chapter 44-58 entitled
11 "Streamlined Sales Tax System" is hereby amended to read as follows:

12 **44-58-3. "Tax administrator" defined.** -- As used in this chapter, "tax administrator"
13 means the tax administrator within the department of ~~administration~~ [revenue](#) as provided for in
14 section ~~44-1-1~~ [44-140-1](#).

15 SECTION 18. Sections 45-12-22.2 and 45-12-22.7 of the General Laws in Chapter 45-12
16 entitled "Indebtedness of Towns and Cities" are hereby amended to read as follows:

17 **45-12-22.2. Monitoring of financial operations -- Corrective action.** -- (a) The chief
18 financial officer of each municipality and each school district within the state shall continuously
19 monitor their financial operations by tracking actual versus budgeted revenue and expense.

20 (b) The chief financial officer of the municipality shall submit a report on a monthly
21 basis to the municipality's chief executive officer, each member of the city or town council, and
22 school district committee certifying the status of the municipal budget including the school
23 department budget or regional school district. The chief financial officer of the municipality shall
24 also submit a report on a quarterly basis to the ~~state office of municipal affairs~~ [division of](#)
25 [property valuation](#) certifying the status of the municipal budget. The chief financial officer of the
26 school department or school district shall certify the status of the school district's budget and shall
27 assist in the preparation of these reports. The monthly and quarterly reports shall be in a format
28 prescribed by the ~~state office of municipal affairs~~ [division of property valuation](#) and the state
29 auditor general. The reports shall contain a statement as to whether any actual or projected
30 shortfalls in budget line items are expected to result in a year-end deficit, the projected impact on
31 year-end financial results including all accruals and encumbrances, and how the municipality and
32 school district plans to address any such shortfalls.

33 (c) If any reports required under this section project a year-end deficit, the chief financial
34 officer of the municipality shall submit to the state office of municipal affairs a corrective action

1 plan no later than thirty (30) days after completion of the monthly budget analysis referred to in
2 subsection (b) above, which provides for the avoidance of a year-end deficit. The plan may
3 include recommendations as to whether an increase in property taxes and/or spending cuts should
4 be adopted to eliminate the deficit. The plan shall include a legal opinion by municipal counsel
5 that the proposed actions under the plan are permissible under federal, state, and local law. The
6 state office of municipal affairs may rely on the written representations made by the municipality
7 in the plan and will not be required to perform an audit.

8 (d) If the ~~state office of municipal affairs~~ division of property valuation concludes the
9 plan required hereunder is insufficient and/or fails to adequately address the financial condition of
10 the municipality, the ~~state office of municipal affairs~~ division of property valuation can elect to
11 pursue the remedies identified in section 45-12-22.7.

12 (e) The reports required shall include the financial operations of any departments or
13 funds of municipal government including the school department or the regional school district,
14 notwithstanding the status of the entity as a separate legal body. This provision does not eliminate
15 the additional requirements placed on local and regional school districts by sections 16-2-9(f) and
16 16-3-11(e)(3).

17 **45-12-22.7. Enforcement and remedies.** -- In the event that a municipality does not
18 comply with the requirements of this law the state auditor general or ~~state office of municipal~~
19 ~~affairs through~~ the division or property valuation through the director of ~~administration~~ revenue
20 may elect any or all of the following remedies:

21 (1) Petition the superior court for mandatory injunctive relief seeking compliance with
22 the provisions of this section. The superior court shall make a finding of fact as to whether there
23 has been compliance with the provisions of this section. As herein before stated, the approval or
24 disapproval of a plan shall be conclusive upon the court in making its finding as to compliance.

25 (2) In the event a municipality fails to provide a year-end deficit elimination plan under
26 section 45-12-22.3, such noncompliance shall allow for the implementation of a financial review
27 commission pursuant to section 45-9-3.

28 (3) Withholding of state aid. In the event that the state director of ~~administration~~ revenue
29 with the concurrence of the auditor general elect to withhold state aid, said amounts shall be
30 placed in a special account within the general fund. At such time the municipality comes into
31 compliance with the reporting requirements of this section, said funds shall be released to the
32 municipality by order of the state director of ~~administration~~ revenue and state auditor general.

33 SECTION 19. Title 42 of the General Laws entitled "State Affairs and Government" is
34 hereby amended by adding thereto the following chapter:

1 CHAPTER 7.2

2 OFFICE OF HEALTH AND HUMAN SERVICES

3 **42-7.2-1. Statement of Intent.** -- The purpose of this Chapter is to develop a consumer-
4 centered system of publicly-financed state administered health and human services that supports
5 access to high quality services, protects the safety of the state's most vulnerable citizens, and
6 ensures the efficient use of all available resources by the five departments responsible for the
7 health and human services programs serving all Rhode Islanders and providing direct assistance
8 and support services to more than 250,000 individuals and families: the department of children,
9 youth and families; the department of elderly affairs; the department of health; the department of
10 human services; and the department of mental health, retardation and hospitals , collectively
11 referred to within as "departments". It is recognized that the executive office of health and
12 human services and the departments have undertaken a variety of initiatives to further this goal
13 and that they share a commitment to continue to work in concert to preserve and promote each
14 other's unique missions while striving to attain better outcomes for all the people and
15 communities they serve. However, recent and expected changes in federal and state policies and
16 funding priorities that affect the financing, organization, and delivery of health and human
17 services programs pose new challenges and opportunities that have created an even greater need
18 for structured and formal interdepartmental cooperation and collaboration. To meet this need
19 while continuing to build on the achievements that have already been made, the interests of all
20 Rhode Islanders will best be served by codifying in the state's general laws the purposes and
21 responsibilities of the executive office of health and human services and the position of secretary
22 of health and human services.

23 **42.7.2-2. Executive Office of Health and Human Services.** -- There is hereby
24 established within the executive branch of state government an executive office of health and
25 human services. This office shall lead the state's five health and human services departments in
26 order to:

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

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

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

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

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

4 **42-7.2-3. Secretary of health and human services -- Appointment.** — The executive
5 office of health and human services shall be administered by a secretary of health and human
6 services, hereafter referred to as “secretary”. The position of secretary is hereby created in the
7 unclassified service. The secretary shall be appointed by the governor, and shall be subject to
8 advice and consent of the senate. The secretary shall hold office at the pleasure of the governor
9 and until a successor is appointed and qualified. Before entering upon the discharge of duties, the
10 secretary shall take an oath to faithfully execute the duties of the office.

11 **42-7.2-4. Responsibilities of the secretary.** -- (a) The secretary shall be responsible to
12 the governor for supervising the executive office of health and human services and for providing
13 strategic leadership and direction to the five departments.

14 (b) Notwithstanding the provisions set forth in this chapter, the governor shall appoint the
15 directors of the departments within the executive office of health and human services. Directors
16 appointed to those departments shall continue to be subject to the advice and consent of the senate
17 and shall continue to hold office as set forth in §§ 42-6-1 et seq. and 42-72-1(c).

18 **42-7.2-5. Duties of the secretary.** -- The secretary shall be authorized to:

19 (a) Coordinate the administration and financing of health care benefits, human services
20 and programs including those authorized by the Medicaid State Plan under Title XIX of the US
21 Social Security Act. However, nothing in this section shall be construed as transferring to the
22 secretary the powers, duties or functions conferred upon the departments by Rhode Island public
23 and general laws for the administration of federal/state programs financed in whole or in part with
24 Medicaid funds or the administrative responsibility for the preparation and submission of any
25 state plans, state plan amendments, or authorized federal waiver applications.

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

28 (c) Review and ensure the coordination of any new departmental waiver requests and
29 renewals as well as any initiatives and proposals requiring amendments to the Medicaid state plan
30 with the potential to affect the scope, amount or duration of publicly-funded health care services,
31 provider payments or reimbursements, or access to or the availability of benefits and services as
32 provided by Rhode Island general and public laws. The secretary shall consider whether any such
33 waivers or amendments are legally and fiscally sound and consistent with the state’s policy and
34 budget priorities. The secretary shall also assess whether a proposed waiver or amendment is

1 capable of obtaining the necessary approvals from federal officials and achieving the expected
2 positive consumer outcomes. Department directors shall, within the timelines specified, provide
3 any information and resources the secretary deems necessary in order to perform the reviews
4 authorized in this section;

5 (d) Beginning in 2006, prepare and submit to the governor and to the joint legislative
6 committee for health care oversight, by no later than December 1 of each year, a comprehensive
7 overview of all Medicaid expenditures included in the annual budgets developed by the
8 departments. . The directors of the departments shall assist and cooperate with the secretary in
9 fulfilling this responsibility by providing whatever resources, information and support shall be
10 necessary.

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

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

15 (1) Oversee implementation of reforms in the human resources practices of the
16 departments that streamline and upgrade services, achieve greater economies of scale and
17 establish the coordinated system of the staff education, cross- training, and career development
18 services necessary to recruit and retain a highly-skilled, responsive, and engaged health and
19 human services workforce;

20 (2) Encourage the departments to utilize consumer-centered approaches to service design
21 and delivery that expand their capacity to respond efficiently and responsibly to the diverse and
22 changing needs of the people and communities they serve;

23 (3) Develop all opportunities to maximize resources by leveraging the state's purchasing
24 power, centralizing and standardizing contractual services, pursuing alternative funding sources
25 through grants, awards and partnerships and securing all available federal financial participation
26 for programs and services provided through the departments;

27 (g) Ensure preparation of a coordinated comprehensive budget for the health and human
28 services departments;

29 (h) Improve the ability of departments to utilize objective data to evaluate health and
30 human services policy goals, resource use and outcome evaluation and to perform short and long-
31 term policy planning and development.

32 (i) Foster the establishment of an integrated approach to interdepartmental information
33 and data management that will facilitate the transition to consumer-centered system of state
34 administered health and human services.

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

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

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

10 (m) Implement the provisions of any general or public law or regulation related to the
11 disclosure, confidentiality and privacy of any information or records, in the possession or under
12 the control of the executive office or the departments assigned to the executive office, that may be
13 developed or acquired for purposes directly connected with the secretary's duties set forth herein.

14 **42-7.2-6. Departments assigned to the executive office -- Powers and duties. -- (a)**

15 The departments assigned to the secretary shall:

16 (1) Exercise their respective powers and duties in accordance with their statutory
17 authority and the general policy established by the governor or by the secretary acting on behalf
18 of the governor or in accordance with the powers and authorities conferred upon the secretary by
19 this chapter;

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

22 (3) Provide such records and information as may be requested or required by the
23 governor and/or the secretary to the extent allowed under the provisions of any applicable general
24 or public law, regulation, or agreement relating to the confidentiality, privacy or disclosure of
25 such records or information.

26 (b) Except as provided herein, no provision of this chapter or application thereof shall be
27 construed to limit or otherwise restrict the department of children, youth and families, the
28 department of elderly affairs, the department of health, the department of human services, and the
29 department of mental health, retardation and hospitals from fulfilling any statutory requirement or
30 complying with any valid rule or regulation.

31 **42-7.2-7. Independent advisory council – Purposes. -- (a) The secretary shall establish**

32 an independent advisory council, hereafter referred to as “advisory council” composed of
33 representatives of the network of health and human services providers, the communities the
34 departments serve, state and local policy makers and any other stakeholders or consumers

1 interested in improving access to high quality health and human services.

2 (b) The advisory council shall assist the secretary in identifying: issues of concern and
3 priorities in the organization and/or delivery of services; areas where there is need for
4 interdepartmental collaboration and cooperation; and opportunities for building sustainable and
5 effective public-private partnerships that support the missions of the departments. The advisory
6 council shall also provide guidance to the secretary in developing a plan to further the purposes of
7 the executive office and assist the departments in meeting their unique missions and shared
8 responsibilities.

9 (c) With the assistance of the department directors, the secretary shall hold health and
10 human services forums and open meetings that encourage community, consumer and stakeholder
11 input on health and human services issues, proposals and activities and actions of the executive
12 office that have been identified by the advisory council as areas of concern or important policy
13 priorities or opportunities for the state.

14 **42-7.2-8. Assignment and reassignment of advisory bodies.** -- The governor may, by
15 executive order, reassign any advisory bodies, boards, or commissions associated or affiliated
16 with the departments to the secretary of health and human services or assign any such entities that
17 may be created.

18 **42-7.2-9. Appointment of employees.** – The secretary, subject to the provisions of
19 applicable state law, shall be the appointing authority for all employees of the executive office of
20 health and human services. The secretary may assign this function to such subordinate officers
21 and employees of the executive office as may to him or her seem feasible or desirable. The
22 appointing authority of the secretary provided for herein shall not affect, interfere with, limit, or
23 otherwise restrict the appointing authority vested in the directors for the employees of the
24 departments under applicable general and public laws.

25 **42-7.2-10. Appropriations and disbursements.** – The general assembly shall annually
26 appropriate such sums as it may deem necessary for the purpose of carrying out the provisions of
27 this chapter. The state controller is hereby authorized and directed to draw his orders upon the
28 general treasurer for the payment of such sum or sums, or so much thereof as may from time to
29 time be required, upon receipt by him or her of proper vouchers approved by the secretary of the
30 executive office of health and human services, or his or her designee.

31 **42-7.2-11. Rules and regulations.** -- The executive office of health and human services
32 shall be deemed an agency for purposes of § 42-35-1, et seq. of the Rhode Island general laws.
33 The secretary shall make and promulgate such rules and regulations, fee schedules not
34 inconsistent with state law and fiscal policies and procedures as he or she deems necessary for the

1 proper administration of this chapter and to carry out the policy and purposes thereof.

2 **42-7.2-12. Medicaid program study.** – The secretary of the executive office of health
3 and human services shall conduct a study of the Medicaid programs administered by state to
4 review and analyze the options available for reducing or stabilizing the level of uninsured Rhode
5 Islanders and containing Medicaid spending. As part of this process, the study shall consider the
6 flexibility afforded the state under the federal Deficit Reduction Act of 2006 and any other
7 changes in federal Medicaid policy or program requirements occurring on or before December
8 31, 2006, as well as the various approaches proposed and/or adopted by other states through
9 federal waivers, state plan amendments, public-private partnerships, and other initiatives. In
10 exploring these options, the study shall examine fully the overall administrative efficiency of each
11 program for children and families, elders and adults with disabilities and any such factors that
12 may affect access and/or cost including, but not limited to, coverage groups, benefits, delivery
13 systems, and applicable cost-sharing requirements. The secretary shall ensure that the study
14 focuses broadly on the Medicaid programs administered by all five of the state's five health and
15 human services departments, irrespective of the source or manner in which funds are budgeted or
16 allocated. The directors of the departments shall cooperate with the secretary in preparing this
17 study and provide any information and/or resources the secretary deems necessary to assess fully
18 the short and long-term implications of the options under review both for the state and the people
19 and the communities the departments serve. The secretary shall submit a report and
20 recommendations based on the findings of the study to the general assembly and the governor no
21 later than March 1, 2007.

22 **42-7.2-12.1 Human Services Call Center Study (211).** -- The secretary of the executive
23 office of health and human services shall conduct a feasibility and impact study of the potential to
24 implement a statewide 211 human services call center and hotline. As part of the process, the
25 study shall catalog existing human service information hotlines in Rhode Island, including, but
26 not limited to, state-operated call centers and private and not-for-profit information hotlines
27 within the state. The study shall include analysis of whether consolidation of some or all call
28 centers into a centralized 211 human services information hotline would be economically and
29 practically advantageous for both the public users and agencies that currently operate separate
30 systems. The study shall include projected cost estimates for any recommended actions, including
31 estimates of cost additions or savings to private service providers. The directors of all state
32 departments and agencies shall cooperate with the secretary in preparing this study and provide
33 any information and/or resources the secretary deems necessary to assess fully the short and long-
34 term implications of the operations under review both for the state and the people and the

1 communities the departments serve. The secretary shall submit a report and recommendations
2 based on the findings of the study to the general assembly, the governor, and the house and senate
3 fiscal advisors no later than February 1, 2007.

4 **42-7.2-13. Severability.** – If any provision of this chapter or the application thereof to
5 any person or circumstance is held invalid, such invalidity shall not effect other provisions or
6 applications of the chapter, which can be given effect without the invalid provision or application,
7 and to this end the provisions of this chapter are declared to be severable.

8 **42-7.2-14. Cooperation of other state executive branch agencies.** – As may be
9 appropriate from time to time, the departments and other agencies of the state of the executive
10 branch that have not been assigned to the executive office of health and human services under this
11 chapter shall assist and cooperate with the executive office as may be required by the governor
12 requested by the secretary.

13 **42-7.2-15. Applicability.** -- Nothing in this chapter shall change, transfer or interfere
14 with, or limit or otherwise restrict the general assembly’s sole authority to appropriate and re-
15 appropriate fiscal resources to the departments; the statutory or regulatory duties of the directors
16 of the departments, or the appointing authority for the employees of the departments vested in the
17 directors under applicable general and public laws.

18 SECTION 20. Section 36-4-2 of the General Laws in Chapter 36-4 entitled “Merit
19 System” is hereby amended to read as follows:

20 **36-4-2. Positions in unclassified service.** – The classified service shall comprise all
21 positions in the state service now existing or hereinafter established, except the following specific
22 positions which with other positions heretofore or hereinafter specifically exempted by legislative
23 act shall constitute the unclassified service:

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

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

27 (3) Officers, secretaries, and employees of the office of the governor, office of the
28 lieutenant governor, department of state, department of the attorney general, and the treasury
29 department.

30 (4) Members of boards and commissions appointed by the governor, members of the state
31 board of elections and the appointees of the board, members of the commission for human rights
32 and the employees of the commission, and directors of departments.

33 (5) The following specific offices:

34 (i) In the department of administration: director, chief information officer;

- 1 (ii) In the department of business regulation: director;
- 2 (iii) In the department of elementary and secondary education: commissioner of
3 elementary and secondary education;
- 4 (iv) In the department of higher education: commissioner of higher education;
- 5 (v) In the department of health: director;
- 6 (vi) In the department of labor and training: director, administrative assistant,
7 administrator of the labor board and legal counsel to the labor board;
- 8 (vii) In the department of environmental management: director;
- 9 (viii) In the department of transportation: director;
- 10 (ix) In the department of human services: director;
- 11 (x) In the state properties committee: secretary;
- 12 (xi) In the workers' compensation court: judges, administrator, deputy administrator,
13 clerk, assistant clerk, clerk secretary;
- 14 (xii) In the department of elderly affairs: director;
- 15 (xiii) In the department of mental health, retardation, and hospitals: director;
- 16 (xiv) In the department of corrections: director, assistant director (institutions/operations),
17 assistant director (rehabilitative services), assistant director (administration), and wardens;
- 18 (xv) In the department of children, youth and families: director, one assistant director,
19 one associate director, and one executive director;
- 20 (xvi) In the public utilities commission: public utilities administrator;
- 21 (xvii) In the water resources board: general manager;
- 22 (xviii) In the human resources investment council: executive director.
- 23 (xix) In the office of health and human services: secretary of health and human services.
- 24 (6) Chief of the hoisting engineers, licensing division, and his or her employees;
25 executive director of the veterans memorial building and his or her clerical employees.
- 26 (7) One confidential stenographic secretary for each director of a department and each
27 board and commission appointed by the governor.
- 28 (8) Special counsel, special prosecutors, regular and special assistants appointed by the
29 attorney general, the public defender and employees of his or her office, and members of the
30 Rhode Island bar occupying a position in the state service as legal counsel to any appointing
31 authority.
- 32 (9) The academic and/or commercial teaching staffs of all state institution schools, with
33 the exception of those institutions under the jurisdiction of the board of regents for elementary
34 and secondary education and the board of governors for higher education.

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

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

6 (12) Election officials and employees.

7 (13) Administrator, executive high sheriff, sheriffs, chief deputy sheriffs, deputy sheriffs,
8 and other employees of the sheriff's division within the department of administration and security
9 officers of the traffic tribunal.

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

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

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

24 (16) Members of the division of state police.

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

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

27 (19) Mental health advocate.

28 (20) Child advocate.

29 (21) The position of aquaculture coordinator and dredge coordinator within the coastal
30 resources management council.

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

32 SECTION 21. Section 42-11-2 of the General Laws in Chapter 42-11 entitled
33 "Department of Administration" is hereby amended to read as follows:

34 **42-11-2. Powers and duties of department.** – The department of administration shall

1 have the following powers and duties:

2 (a) To prepare a budget for the several state departments and agencies, subject to the
3 direction and supervision of the governor;

4 (b) To administer the budget for all state departments and agencies, except as specifically
5 exempted by law;

6 (c) To devise, formulate, promulgate, supervise, and control accounting systems,
7 procedures, and methods for the state departments and agencies, conforming to such accounting
8 standards and methods as are prescribed by law;

9 (d) To purchase or to contract for the supplies, materials, articles, equipment, printing,
10 and services needed by state departments and agencies, except as specifically exempted by law;

11 (e) To prescribe standard specifications for those purchases and contracts and to enforce
12 compliance with specifications;

13 (f) To supervise and control the advertising for bids and awards for state purchases;

14 (g) To regulate the requisitioning and storage of purchased items, the disposal of surplus
15 and salvage, and the transfer to or between state departments and agencies of needed supplies,
16 equipment, and materials;

17 (h) To maintain, equip, and keep in repair the state house, state office building, and other
18 premises owned or rented by the state for the use of any department or agency, excepting those
19 buildings, the control of which is vested by law in some other agency;

20 (i) To provide for the periodic inspection, appraisal or inventory of all state buildings and
21 property, real and personal;

22 (j) To require reports from state agencies on the buildings and property in their custody;

23 (k) To issue regulations to govern the protection and custody of the property of the state;

24 (l) To assign office and storage space and to rent and lease land and buildings for the use
25 of the several state departments and agencies in the manner provided by law;

26 (m) To control and supervise the acquisition, operation, maintenance, repair, and
27 replacement of state-owned motor vehicles by state agencies;

28 (n) To maintain and operate central duplicating and mailing service for the several state
29 departments and agencies;

30 (o) To furnish the several departments and agencies of the state with other essential office
31 services;

32 (p) To survey and examine the administration and operation of the state departments and
33 agencies, submitting to the governor proposals to secure greater administrative efficiency and
34 economy, to minimize the duplication of activities, and to effect a better organization and

1 consolidation of functions among state agencies;

2 (q) To assess and collect all taxes levied by the state by virtue of the various laws of the
3 state;

4 (r) To analyze, evaluate, and appraise the tax system of the state, and to make
5 recommendations for its revision in accordance with the best interests of the economy of the
6 state;

7 (s) To operate a merit system of personnel administration and personnel management as
8 defined in § 36-3-3 in connection with the conditions of employment in all state departments and
9 agencies within the classified service;

10 (t) To assign or reassign, with the approval of the governor, any functions, duties, or
11 powers established by this chapter to any agency within the department;

12 (u) To establish, maintain, and operate a data processing center or centers, approve the
13 acquisition and use of electronic data processing services by state agencies, furnish staff
14 assistance in methods, systems and programming work to other state agencies, and arrange for
15 and effect the centralization and consolidation of punch card and electronic data processing
16 equipment and services in order to obtain maximum utilization and efficiency;

17 (v) To devise, formulate, promulgate, supervise, and control a comprehensive and
18 coordinated statewide information system designed to improve the data base used in the
19 management of public resources, to consult and advise with other state departments and agencies
20 and municipalities to assure appropriate and full participation in this system, and to encourage the
21 participation of the various municipalities of this state in this system by providing technical or
22 other appropriate assistance toward establishing, within those municipalities, compatible
23 information systems in order to obtain the maximum effectiveness in the management of public
24 resources;

25 (1) The comprehensive and coordinated statewide information system may include a
26 Rhode Island geographic information system of land-related economic, physical, cultural and
27 natural resources.

28 (2) In order to ensure the continuity of the maintenance and functions of the geographic
29 information system, the general assembly may annually appropriate such sum as it may deem
30 necessary to the department of administration for its support.

31 (w) To administer a statewide planning program including planning assistance to the state
32 departments and agencies;

33 (x) To administer a statewide program of photography and photographic services;

34 (y) To negotiate with public or private educational institutions in the state, in cooperation

1 with the department of health, for state support of medical education;

2 (z) To promote the expansion of markets for recovered material and to maximize their
3 return to productive economic use through the purchase of materials and supplies with recycled
4 content by the state of Rhode Island to the fullest extent practically feasible;

5 (aa) To approve costs as provided in § 23-19-32; and

6 (bb) To provide all necessary civil service tests for child protective investigators and
7 social workers at least twice each year and to maintain an adequate hiring list for these positions
8 at all times.

9 (cc) To prepare a report every three (3) months by all current property leases or rentals by
10 any state or quasi-state agency to include the following information:

11 (1) Name of lessor;

12 (2) Description of the lease (purpose, physical characteristics, and location);

13 (3) Cost of the lease;

14 (4) Amount paid to date;

15 (5) Date initiated;

16 (6) Date covered by the lease.

17 (dd) To provide by December 31, 1995 the availability of automatic direct deposit to any
18 recipient of a state benefit payment, provided that the agency responsible for making that
19 payment generates one thousand (1,000) or more such payments each month.

20 (ee) To operate a division of motor vehicles. The division will be responsible for
21 activities assigned to it by law, including but not limited to, motor vehicle registration, testing and
22 licensing of motor vehicle operators, inspection of motor vehicles, and enforcement of laws
23 relating to the issuance, suspension and revocation of motor vehicle registrations and drivers'
24 licenses. The division shall administer the financial responsibility law. The chief of the division
25 shall use the title and designation "administrator" on all licenses, registrations, orders of
26 suspensions, financial responsibility notices or orders, or any other official documents issued or
27 promulgated by the division.

28 (ff) To operate the Rhode Island division of sheriffs as provided in § 42-11-21.

29 (gg) To operate a statewide child support enforcement program in accordance with title
30 IV-D of the Social Security Act and under title 15 of the Rhode Island general laws.

31 (hh) To encourage municipalities, school districts, and quasi-public agencies to achieve
32 cost savings in health insurance, purchasing, or energy usage by participating in state contracts, or
33 by entering into collaborative agreements with other municipalities, districts, or agencies. To
34 assist in determining whether the benefit levels including employee cost sharing and unit costs of

1 such benefits and costs are excessive relative to other municipalities, districts, or quasi-public
2 agencies as compared with state benefit levels and costs.

3 SECTION 22. Chapter 37-2 of the General Laws entitled "State Purchases" is hereby
4 amended by adding thereto the following section:

5 **37-2-59.1. Establishment of the Rhode Island Strategic Purchasing Advisory**
6 **Commission. -- In order to provide a means of collaboration between the state, cities/towns and**
7 **school committees a permanent advisory commission is established named the "Rhode Island**
8 **Strategic Purchasing Advisory Commission." This Advisory Commission will consist of nine (9)**
9 **members including; (1) the State Purchasing Agent or his or her designee, who will serve as**
10 **Chair, (2) a designee of the Board of Regents of the Rhode Island Department of Education, (3) a**
11 **designee of the Board of Governors of Higher Education; (4) a designee of the Rhode Island**
12 **School Committees Association; (5) a designee of the Rhode Island League of Cities and Towns;**
13 **(6) a designee of the Association of School Business Officials; (7) a designee of the Rhode Island**
14 **Municipal Purchasing Agents Association (8) a designee of the Rhode Island Economic**
15 **Development Corporation and; (9) a designee of the State Budget Officer.**

16 SECTION 23. Section 37-6-2 of the General Laws in Chapter 37-6 entitled "Acquisition
17 of Land" is hereby amended to read as follows:

18 **37-6-2. Rules, regulations, and procedures of committee. --** (a) The state properties
19 committee is hereby authorized and empowered to adopt and prescribe rules of procedure and
20 regulations, and from time to time amend, change, and eliminate rules and regulations, and make
21 such orders and perform such actions as it may deem necessary to the proper administration of
22 this chapter and sections 37-7-1 -- 37-7-9. In the performance of the commission's duties
23 hereunder, the commission may in any particular case prescribe a variation in procedure or
24 regulation when it shall deem it necessary in view of the exigencies of the case and the
25 importance of speedy action in order to carry out the intent and purpose of this chapter and
26 sections 37-7-1 -- 37-7-9. The commission shall file written notice thereof in the office of the
27 secretary of state. All filings shall be available for public inspection.

28 (b) The following siting criteria shall be utilized whenever current existing leases expire
29 or additional office space is needed:

30 (1) A preference shall be given to sites designated as enterprise zone census tracts
31 pursuant to chapter 64.3 of title 42, or in blighted and/or substandard areas pursuant to section 45-
32 31-8, or in downtown commercial areas where it can be shown the facilities would make a
33 significant impact on the economic vitality of the community's central business district;

34 (2) Consideration should be given to adequate access via public transportation for both

1 employees as well as the public being served, and, where appropriate, adequate parking;

2 (3) A site must be consistent with the respective community's local comprehensive plan;
3 and

4 (4) The division of planning within the department of administration shall be included in
5 the evaluation of all future lease proposals.

6 (c) The state properties committee shall explain, in writing, how each site selected by the
7 committee for a state facility meets the criteria described in subsection (b) of this section.

8 (d) For any lease, rental agreement or extension of an existing rental agreement for leased
9 office and operating space which carries a term of five (5) years or longer, including any options
10 or extensions that bring the total term to five (5) years or longer, where the state is the tenant and
11 the aggregate rent of the terms exceeds \$500,000 the State Properties Committee shall request
12 approval of the General Assembly prior to entering into any new agreements or signing any
13 extensions with existing landlords. The state properties committee, in the form of a resolution,
14 shall provide information relating to the purpose of the lease or rental agreement, the agency's
15 current lease or rental costs, the expiration date of any present lease or rental agreement, the range
16 of costs of a new lease or rental agreement, the proposed term of a new agreement, and the
17 location and owner of the desired property.

18 SECTION 24. This article shall take effect upon passage.

ARTICLE 39 SUBSTITUTE A

RELATING TO RULES AND REGULATIONS -- FUNDING REQUIRED

SECTION 1. Section 22-12-1.1 of the General Laws in Chapter 22-12 entitled "Fiscal Notes" is hereby amended to read as follows:

22-12-1.1. Fiscal notes for administrative rules. -- Whenever a state department or agency proposes to adopt administrative rules in accordance with the provisions of chapter 35 of title 42, which rules affect the state or any city or town financially, the proposed rules shall be accompanied by a fiscal note. ~~prepared by the department or agency in consultation and cooperation with the department of administration and the Rhode Island League of Cities and Towns.~~ The budget officer shall be responsible, in cooperation with these agencies, for the preparation of the fiscal note, except that the department of administration, in consultation and cooperation with the Rhode Island League of Cities and Towns, shall be responsible for the preparation of the fiscal note for bills affecting cities and towns. Fiscal notes shall be returned to the state department or agency proposing to adopt administrative rules within ten (10) calendar days of when the request was made. Copies of all fiscal notes for administrative rules shall be forwarded to the chairperson of the house finance committee, the chairperson of the senate finance committee, house fiscal advisor and senate fiscal advisor.

SECTION 2. Section 45-13-7 of the General Laws in Chapter 45-13 entitled "State Aid" is hereby amended to read as follows:

45-13-7. State mandated costs defined. -- "State mandate" means any state initiated statutory or executive action that requires a local government to establish, expand, or modify its activities in a way as to necessitate additional expenditures from local revenue sources where the expenditures are not otherwise reimbursed in whole or in part. For the purpose of this chapter, a "state mandate" shall also mean any requirement, rule, or dictate by a regulator of a state agency.

When state statutory, ~~or~~ executive, or regulator actions are intended to achieve compliance with federal statutes or regulations or court orders, state mandates shall be determined as follows:

(1) Where the federal statute or regulations or court order is discretionary, the state statutory, ~~or~~ executive, or regulator action shall be considered a state mandate for the purposes of sections 45-13-7 -- 45-13-10.

(2) Where the state statutory, ~~or~~ executive, or regulator action exceeds what is required

1 by the federal statute or regulation or court order, only the provisions of the state action which
2 exceed the federal requirements shall be considered a state mandate for the purposes of sections
3 45-13-7 -- 45-13-10.

4 (3) Where the state statutory, ~~or~~ executive, or regulator action does not exceed what is
5 required by the federal statute or regulation or court order, the state action shall not be considered
6 a state mandate for the purposes of sections 45-13-7 -- 45-13-10.

7 (4) Where the cost of a single state mandate does not exceed the sum of five hundred
8 dollars (\$500) the state mandate shall not be reimbursable.

9 SECTION 3. Chapter 45-13 of the General Laws entitled "State Aid" is hereby amended
10 by adding thereto the following sections:

11 **45-13-9.1. Future mandates.** – No mandate shall be enacted or promulgated after July 1,
12 2006, unless the body enacting or promulgating the same shall first, after public hearing,
13 determine the cost of the proposed mandate to the city, town or school districts of the state. Any
14 rule, regulation or policy adopted by state departments, agencies or quasi-state departments or
15 agencies which require any new expenditure of money or increased expenditure of money by a
16 city, town or school district shall take effect on July 1 of the calendar year following the year of
17 adoption. Provided, however, should funding be provided for the said expenditure, then such rule,
18 regulation or policy shall take effect upon adoption.

19 **45-13-9.2. Postponement of effective date.** – Whenever it shall be determined by the
20 governor that the postponement of the effective date of rules, regulations or policies of state
21 departments, agencies or quasi-state departments or agencies, shall cause an emergency situation
22 which imperils the public's safety or public's health, the governor may by executive order suspend
23 the operation of, in whole or in part, section 45-13-9.1 and such order shall remain in effect until
24 it is rescinded by a subsequent executive order.

25 SECTION 4. This article shall take effect upon passage.
26

1 **ARTICLE 40 SUBSTITUTE A AS AMENDED**

2 RELATING TO MEDICAL ASSISTANCE -- OPTIONAL ELIGIBILITY

3 SECTION 1. Section 40-8-1 of the General Laws in Chapter 40-8 entitled "Medical
4 Assistance" is hereby amended to read as follows:

5 **§ 40-8-1. Declaration of policy.** -- (a) Whereas, in the state of Rhode Island there are
6 many persons who do not have sufficient income and resources to meet the cost of medical care
7 and who, except for income and resource requirements, would be eligible for aid or assistance
8 under § 40-5.1-9 or 40-6-27; and

9 (b) Whereas, it is in the best interest of all the citizens of this state to promote the welfare
10 of persons with the characteristics of persons eligible to receive public assistance and ensure that
11 they will receive adequate medical care and treatment in time of need;

12 (c) Now, therefore, it is declared to be the policy of this state to provide medical
13 assistance for those persons in this state who possess the characteristics of persons receiving
14 public assistance under the provisions of § 40-5.1-9 or 40-6-27, and who do not have the income
15 and resources to provide it for themselves or who can do so only at great financial sacrifice.
16 Provided, further, that medical assistance, except as provided in subsection (d), must qualify for
17 federal financial participation pursuant to the provisions of title XIX of the federal Social Security
18 Act, 42 U.S.C. § 1396 et seq., as such provisions apply to medically needy only applicants and
19 recipients.

20 (d) Medical assistance shall be provided under this chapter without regard to the
21 availability of federal financial participation: (1) to a person who does not meet the citizenship or
22 alienage criteria under title XIX of the Social Security Act [42 U.S.C. § 1396 et seq.] and who
23 was lawfully residing in the United States before August 22, 1996 and who was a resident of this
24 state prior to July 1, 1997; and (2) to a non-citizen child who was lawfully admitted for
25 permanent residence on or after August 22, 1996 or who first becomes otherwise entitled to reside
26 in the United States on or after August 22, 1996 and is receiving medical assistance on or before
27 December 31, 2006; and provided, however, that such person meets all other eligibility
28 requirements under this chapter or under title XIX of the Social Security Act.

29 SECTION 2. Sections 42-12.3-4 and 42-12.3-15 of the General Laws in Chapter 42-12.3
30 entitled "Health Care for Children and Pregnant Women" are hereby amended to read as follows:

1 **§ 42-12.3-4. "RIte track" program.** -- There is hereby established a payor of last resort
2 program for comprehensive health care for children until they reach nineteen (19) years of age, to
3 be known as "RIte track". The department of human services is hereby authorized to amend its
4 title XIX state plan pursuant to title XIX [42 U.S.C. § 1396 et seq.] of the Social Security Act to
5 provide for expanded medicaid coverage through expanded family income disregards for
6 children, until they reach nineteen (19) years of age, whose family income levels are up to two
7 hundred fifty percent (250%) of the federal poverty level; provided, however, that health care
8 coverage under this section shall also be provided without regard to the availability of federal
9 financial participation to a noncitizen child lawfully residing in the United States and to a
10 noncitizen child residing in Rhode Island, provided that the child satisfies all other eligibility
11 requirements [and is receiving medical assistance on or before December 31, 2006](#). The
12 department is further authorized to promulgate any regulations necessary, and in accord with title
13 XIX [42 U.S.C. § 1396 et seq.] of the Social Security Act to implement the state plan amendment.
14 For those children who lack health insurance, and whose family incomes are in excess of two
15 hundred fifty percent (250%) of the federal poverty level, the department of human services shall
16 promulgate necessary regulations to implement the program. The department of human services
17 is further directed to ascertain and promulgate the scope of services that will be available to those
18 children whose family income exceeds the maximum family income specified in the approved
19 title XIX [42 U.S.C. section 1396 et seq.] state plan amendment.

20 **§ 42-12.3-15. Expansion of RIte track program.** -- The Department of Human
21 Services is hereby authorized and directed to submit to the United States Department of Health
22 and Human Services an amendment to the "RIte Care" waiver project number 11-W-0004/1-01 to
23 provide for expanded medicaid coverage for children until they reach eight (8) years of age,
24 whose family income levels are up to two hundred fifty percent (250%) of the federal poverty
25 level. Expansion of the RIte track program from the age of six (6) until they reach eighteen (18)
26 years of age in accordance with this chapter shall be subject to the approval of the amended
27 waiver by the United States Department of Health and Human Services. Health care coverage
28 under this section shall also be provided without regard to the availability of federal financial
29 participation: (1) to a non-citizen child lawfully residing in the United States provided such child
30 satisfies all other eligibility requirements [and is receiving medical assistance on or before](#)
31 [December 31, 2006](#).

32 SECTION 3. This article shall take effect on December 31, 2006.

33

ARTICLE 41 SUBSTITUTE A

RELATING TO EFFECTIVE DATE

SECTION 1. This act shall take effect July 1, 2006, except as otherwise provided herein.

In articles where it is provided that the effective date shall be either "July 1, 2006", or "upon passage", and no provision is made for retroactive or prospective application, the effective date shall be July 1, 2006, and if the article is approved after July 1, 2006, then the article shall be retroactive to July 1, 2006.

In articles where it is provided that the effective date shall be either "July 1, 2006" or "upon passage" and provision is made within the article for retroactive or prospective application, the article shall take effect on July 1, 2006 and its application made retroactive or prospective as set forth in the article.

SECTION 2. This article shall take effect upon passage.