

2017 -- H 5175 SUBSTITUTE A AS AMENDED

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LC000840/SUB A
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO MAKING APPROPRIATIONS FOR THE SUPPORT OF THE STATE FOR
THE FISCAL YEAR ENDING JUNE 30, 2018

Introduced By: Representative Marvin L. Abney

Date Introduced: January 19, 2017

Referred To: House Finance

(Governor)

It is enacted by the General Assembly as follows:

- 1 ARTICLE 1 RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2018
- 2 ARTICLE 2 RELATING TO ECONOMIC DEVELOPMENT AND TAX CREDITS
- 3 ARTICLE 3 RELATING TO RHODE ISLAND PROMISE SCHOLARSHIP
- 4 ARTICLE 4 RELATING TO MOTOR VEHICLES
- 5 ARTICLE 5 RELATING TO GOVERNMENT REORGANIZATION
- 6 ARTICLE 6 RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTIONS
- 7 ARTICLE 7 RELATING TO STATE FUNDS
- 8 ARTICLE 8 RELATING TO TAXES AND REVENUES
- 9 ARTICLE 9 RELATING TO HEALTH AND HUMAN SERVICES
- 10 ARTICLE 10 RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT
- 11 OF FY 2017
- 12 ARTICLE 11 RELATING TO TAXATION - EXCISE ON MOTOR VEHICLES AND
- 13 TRAILERS
- 14 ARTICLE 12 RELATING TO EDUCATION AID
- 15 ARTICLE 13 RELATING TO DEPARTMENT OF LABOR AND TRAINING FEES AND
- 16 FINES
- 17 ARTICLE 14 RELATING TO MINIMUM WAGES

1 ARTICLE 15 RELATING TO EFFECTIVE DATE

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LC000840/SUB A

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ARTICLE 1 AS AMENDED

RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2018

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, 2018. 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	3,048,657
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Legal Services

General Revenues	2,170,956
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Accounts and Control

General Revenues	4,130,796
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Restricted Receipts – OPEB Board Administration	225,000
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Total – Accounts and Control	4,355,796
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Office of Management and Budget

General Revenues	8,882,351
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Restricted Receipts	300,000
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Other Funds	1,719,494
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Total – Office of Management and Budget	10,901,845
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Purchasing

General Revenues	2,630,843
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Restricted Receipts	540,000
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Other Funds	233,525
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Total – Purchasing	3,404,368
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Human Resources

1	General Revenues	8,057,188
2	Federal Funds	1,014,410
3	Restricted Receipts	610,995
4	Other Funds	1,591,954
5	Total – Human Resources	11,274,547
6	<i>Personnel Appeal Board</i>	
7	General Revenues	145,130
8	<i>Information Technology</i>	
9	General Revenues	22,146,644
10	Federal Funds	6,655,755
11	Restricted Receipts	10,777,319
12	Other Funds	2,699,001
13	Total – Information Technology	42,278,719
14	<i>Library and Information Services</i>	
15	General Revenues	1,479,475
16	Federal Funds	1,157,870
17	Restricted Receipts	5,500
18	Total – Library and Information Services	2,642,845
19	<i>Planning</i>	
20	General Revenues	1,271,483
21	Federal Funds	1,000
22	Other Funds	
23	Air Quality Modeling	24,000
24	Federal Highway – PL Systems Planning	3,172,497
25	FTA – Metro Planning Grant	1,033,131
26	Total – Planning	5,502,111
27	<i>General</i>	
28	General Revenues	
29	Miscellaneous Grants/Payments	100,000
30	Provided that this amount be allocated to City Year for the Whole School Whole Child	
31	Program, which provides individualized support to at-risk students.	
32	Torts– Courts/Awards	400,000
33	State Employees/Teachers Retiree Health Subsidy	2,321,057
34	Resource Sharing and State Library Aid	9,362,072

1	Library Construction Aid	2,161,628
2	Restricted Receipts	700,000
3	Other Funds	
4	Rhode Island Capital Plan Funds	
5	Security Measures State Buildings	500,000
6	Energy Efficiency Improvements	1,000,000
7	Cranston Street Armory	850,000
8	Zambarano Building Rehabilitation	6,085,000
9	Big River Management Area	100,000
10	Veterans Memorial Auditorium	205,000
11	RI Convention Center Authority	1,250,000
12	Dunkin Donuts Center	2,350,000
13	Virks Building Renovations	5,236,000
14	Accessibility – Facility Renovations	1,000,000
15	Cannon Building	700,000
16	Chapin Health Laboratory	3,550,000
17	Environmental Compliance	200,000
18	DoIT Operations Center	770,000
19	Old Colony House	100,000
20	Old State House	1,000,000
21	Pastore Center Buildings Demolition	175,000
22	Pastore Center Parking	1,300,000
23	Pastore Center Power Plant Rehab.	800,000
24	Pastore Center Rehab DOA Portion	3,900,000
25	Pastore Center Strategic Plan	600,000
26	Pastore Center Utilities Upgrade	2,000,000
27	Pastore Center Water Tanks & Pipes	280,000
28	Replacement of Fueling Tanks	450,000
29	Shepard Building	395,000
30	State House Energy Management Improvement	2,000,000
31	State House Renovations	1,250,000
32	State Office Building	700,000
33	Washington County Government Center	1,400,000
34	William Powers Administration Bldg.	1,000,000

1	Total – General	56,190,757
2	<i>Debt Service Payments</i>	
3	General Revenues	138,403,065
4	Out of the general revenue appropriations for debt service, the General Treasurer is	
5	authorized to make payments for the I-195 Redevelopment District Commission loan up to the	
6	maximum debt service due in accordance with the loan agreement.	
7	Federal Funds	1,870,830
8	Other Funds	
9	Transportation Debt Service	40,958,106
10	Investment Receipts – Bond Funds	100,000
11	Total - Debt Service Payments	181,332,001
12	<i>Energy Resources</i>	
13	Federal Funds	723,171
14	Restricted Receipts	11,410,652
15	Total – Energy Resources	12,133,823
16	<i>Rhode Island Health Benefits Exchange</i>	
17	General Revenues	2,625,841
18	Federal Funds	135,136
19	Restricted Receipts	6,807,845
20	Total – Rhode Island Health Benefits Exchange	9,568,822
21	<i>Construction Permitting, Approvals and Licensing</i>	
22	General Revenues	1,790,975
23	Restricted Receipts	1,187,870
24	Total –Approvals and Licensing	2,978,845
25	<i>Office of Diversity, Equity & Opportunity</i>	
26	General Revenues	1,282,250
27	Other Funds	86,623
28	Total – Office of Diversity, Equity & Opportunity	1,368,873
29	<i>Capital Asset Management and Maintenance</i>	
30	General Revenues	33,868,627
31	Federal Funds	1,603,917
32	Restricted Receipts	660,725
33	Other Funds	3,874,844
34	Total – Capital Asset Management and Maintenance	40,008,113

1	<i>Undistributed Savings</i>	
2	General Revenues	(30,080,124)
3	Grand Total – Administration	359,226,084
4	Business Regulation	
5	<i>Central Management</i>	
6	General Revenues	1,296,420
7	<i>Banking Regulation</i>	
8	General Revenues	1,743,062
9	Restricted Receipts	50,000
10	Total – Banking Regulation	1,793,062
11	<i>Securities Regulation</i>	
12	General Revenues	974,364
13	Restricted Receipts	15,000
14	Total – Securities Regulation	989,364
15	<i>Insurance Regulation</i>	
16	General Revenues	3,925,436
17	Restricted Receipts	1,826,495
18	Total – Insurance Regulation	5,751,931
19	<i>Office of the Health Insurance Commissioner</i>	
20	General Revenues	1,614,318
21	Federal Funds	892,213
22	Restricted Receipts	228,768
23	Total – Office of the Health Insurance Commissioner	2,735,299
24	<i>Board of Accountancy</i>	
25	General Revenues	6,000
26	<i>Commercial Licensing, Racing & Athletics</i>	
27	General Revenues	893,038
28	Restricted Receipts	1,778,614
29	Total – Commercial Licensing, Racing & Athletics	2,671,652
30	<i>Boards for Design Professionals</i>	
31	General Revenues	362,455
32	Grand Total – Business Regulation	15,606,183
33	Executive Office of Commerce	
34	<i>Central Management</i>	

1	General Revenues	1,138,714
2	<i>Housing and Community Development</i>	
3	General Revenues	642,391
4	Federal Funds	17,890,642
5	Restricted Receipts	4,749,911
6	Total – Housing and Community Development	23,282,944
7	<i>Quasi–Public Appropriations</i>	
8	General Revenues	
9	Rhode Island Commerce Corporation	7,474,514
10	Airport Impact Aid	1,025,000
11	Sixty percent (60%) of the first \$1,000,000 appropriated for airport impact aid shall be	
12	distributed to each airport serving more than 1,000,000 passengers based upon its percentage of the	
13	total passengers served by all airports serving more than 1,000,000 passengers. Forty percent	
14	(40%) of the first \$1,000,000 shall be distributed based on the share of landings during the calendar	
15	year 2017 at North Central Airport, Newport-Middletown Airport, Block Island Airport, Quonset	
16	Airport, T.F. Green Airport and Westerly Airport, respectively. The Rhode Island Commerce	
17	Corporation shall make an impact payment to the towns or cities in which the airport is located	
18	based on this calculation. Each community upon which any parts of the above airports are located	
19	shall receive at least \$25,000.	
20	STAC Research Alliance	1,150,000
21	Innovative Matching Grants/Internships	1,000,000
22	I-195 Redevelopment District Commission	761,000
23	Chafee Center at Bryant	376,200
24	Urban Ventures	140,000
25	Polaris Manufacturing Grant	250,000
26	Other Funds	
27	Rhode Island Capital Plan Funds	
28	I-195 Commission	300,000
29	Quonset Piers	2,600,000
30	Total – Quasi–Public Appropriations	15,076,714
31	<i>Economic Development Initiatives Fund</i>	
32	General Revenues	
33	Innovation Initiative	1,000,000
34	I-195 Redevelopment Fund	2,000,000

1	Main Street RI Streetscape Improvements	500,000
2	Rebuild RI Tax Credit Fund	12,500,000
3	First Wave Closing Fund	1,800,000
4	Total – Economic Development Initiatives Fund	17,800,000
5	<i>Commerce Programs</i>	
6	General Revenues	
7	Wavemaker Fellowship	800,000
8	Air Service Development	500,000
9	Total – Commerce Programs	1,300,000
10	Grand Total – Executive Office of Commerce	58,598,372
11	Labor and Training	
12	<i>Central Management</i>	
13	General Revenues	134,315
14	Restricted Receipts	687,604
15	Other Funds	
16	Rhode Island Capital Plan Funds	
17	Center General Asset Protection	1,630,000
18	Total – Central Management	2,451,919
19	<i>Workforce Development Services</i>	
20	General Revenues	704,517
21	Federal Funds	22,792,153
22	Restricted Receipts	12,434,856
23	Other Funds	101,601
24	Total – Workforce Development Services	36,033,127
25	<i>Workforce Regulation and Safety</i>	
26	General Revenues	2,811,148
27	<i>Income Support</i>	
28	General Revenues	4,046,748
29	Federal Funds	14,138,705
30	Restricted Receipts	2,500,020
31	Other Funds	
32	Temporary Disability Insurance Fund	197,566,522
33	Employment Security Fund	161,220,000
34	Other Funds	40,418

1	Total – Income Support	379,512,413
2	<i>Injured Workers Services</i>	
3	Restricted Receipts	8,701,434
4	<i>Labor Relations Board</i>	
5	General Revenues	397,335
6	Grand Total – Labor and Training	429,907,376
7	Revenue	
8	<i>Director of Revenue</i>	
9	General Revenues	1,244,266
10	<i>Office of Revenue Analysis</i>	
11	General Revenues	788,009
12	<i>Lottery Division</i>	
13	Other Funds	375,039,436
14	<i>Municipal Finance</i>	
15	General Revenues	3,111,025
16	<i>Taxation</i>	
17	General Revenues	22,775,987
18	Federal Funds	1,361,360
19	Restricted Receipts	945,239
20	Other Funds	
21	Motor Fuel Tax Evasion	176,148
22	Temporary Disability Insurance Fund	1,004,487
23	Total – Taxation	26,263,221
24	<i>Registry of Motor Vehicles</i>	
25	General Revenues	21,175,553
26	Federal Funds	206,140
27	Restricted Receipts	2,094,763
28	Total – Registry of Motor Vehicles	23,476,456
29	<i>State Aid</i>	
30	General Revenues	
31	Distressed Communities Relief Fund	12,384,458
32	Payment in Lieu of Tax Exempt Properties	45,205,606
33	Motor Vehicle Excise Tax Payments	36,000,000
34	Property Revaluation Program	937,228

1	Restricted Receipts	922,013
2	Total – State Aid	95,449,305
3	Grand Total – Revenue	525,371,718
4	Legislature	
5	General Revenues	40,522,507
6	Restricted Receipts	1,729,957
7	Grand Total – Legislature	42,252,464
8	Lieutenant Governor	
9	General Revenues	1,084,217
10	Secretary of State	
11	<i>Administration</i>	
12	General Revenues	3,382,625
13	<i>Corporations</i>	
14	General Revenues	2,224,127
15	<i>State Archives</i>	
16	General Revenues	87,150
17	Restricted Receipts	414,478
18	Total – State Archives	501,628
19	<i>Elections and Civics</i>	
20	General Revenues	1,906,470
21	<i>State Library</i>	
22	General Revenues	723,385
23	Provided that \$125,000 be allocated to support the Rhode Island Historical Society	
24	pursuant to Rhode Island General Law, Section 29-2-1 and \$18,000 be allocated to support the	
25	Newport Historical Society, pursuant to Rhode Island General Law, Section 29-2-2.	
26	<i>Office of Public Information</i>	
27	General Revenues	587,562
28	Receipted Receipts	25,000
29	Total – Office of Public Information	612,562
30	Grand Total – Secretary of State	9,350,797
31	General Treasurer	
32	<i>Treasury</i>	
33	General Revenues	2,456,017
34	Federal Funds	290,987

1	Other Funds	
2	Temporary Disability Insurance Fund	226,879
3	Tuition Savings Program – Administration	323,363
4	Total – General Treasurer	3,297,246
5	<i>State Retirement System</i>	
6	Restricted Receipts	
7	Admin Expenses – State Retirement System	9,244,408
8	Retirement – Treasury Investment Operations	1,545,880
9	Defined Contribution – Administration	178,238
10	Total – State Retirement System	10,968,526
11	<i>Unclaimed Property</i>	
12	Restricted Receipts	26,324,334
13	<i>Crime Victim Compensation Program</i>	
14	General Revenues	242,675
15	Federal Funds	799,350
16	Restricted Receipts	1,132,319
17	Total – Crime Victim Compensation Program	2,174,344
18	Grand Total – General Treasurer	42,764,450
19	Board of Elections	
20	General Revenues	1,548,735
21	Rhode Island Ethics Commission	
22	General Revenues	1,665,873
23	Office of Governor	
24	General Revenues	
25	General Revenues	5,147,554
26	Contingency Fund	250,000
27	Grand Total – Office of the Governor	5,397,554
28	Commission for Human Rights	
29	General Revenues	1,258,074
30	Federal Funds	432,028
31	Grand Total – Commission for Human Rights	1,690,102
32	Public Utilities Commission	
33	Federal Funds	129,225
34	Restricted Receipts	9,007,118

1	Grand Total – Public Utilities Commission	9,136,343
2	Office of Health and Human Services	
3	<i>Central Management</i>	
4	General Revenues	26,992,150
5	Federal Funds	97,940,878
6	Restricted Receipts	7,942,269
7	Total – Central Management	132,875,297
8	<i>Medical Assistance</i>	
9	General Revenues	
10	Managed Care	305,669,199
11	Hospitals	97,204,474
12	Nursing Facilities	87,025,458
13	Home and Community Based Services	29,133,178
14	Of this amount, \$250,000 will be for home modification and accessibility enhancements to	
15	construct, retrofit and/or renovate residences to allow individuals to remain community settings.	
16	This will be in consultation with the Governor’s Commission on Disabilities.	
17	Other Services	66,474,753
18	Pharmacy	63,129,216
19	Rhody Health	288,671,528
20	Federal Funds	
21	Managed Care	384,843,395
22	Hospitals	100,778,630
23	Nursing Facilities	91,818,475
24	Home and Community Based Services	30,737,717
25	Other Services	507,836,076
26	Pharmacy	(1,060,683)
27	Rhody Health	302,930,915
28	Other Programs	42,500,000
29	Restricted Receipts	11,274,268
30	Total – Medical Assistance	2,408,966,599
31	Grand Total – Office of Health and Human Services	2,541,841,896
32	Children, Youth, and Families	
33	<i>Central Management</i>	
34	General Revenues	7,157,480

1	Federal Funds	2,831,574
2	Total – Central Management	9,989,054
3	<i>Children's Behavioral Health Services</i>	
4	General Revenues	5,099,171
5	Federal Funds	5,447,794
6	Other Funds	
7	Rhode Island Capital Plan Funds	
8	Training School Repairs/Improvements	550,000
9	Total – Children's Behavioral Health Services	11,096,965
10	<i>Juvenile Correctional Services</i>	
11	General Revenues	22,824,456
12	Federal Funds	280,282
13	Other Funds	
14	Rhode Island Capital Plan Funds	
15	Generators – Rhode Island Training School	500,000
16	Total – Juvenile Correctional Services	23,604,738
17	<i>Child Welfare</i>	
18	General Revenues	
19	General Revenues	96,928,649
20	18 to 21 Year Olds	13,646,106
21	Federal Funds	
22	Federal Funds	43,160,424
23	18 to 21 Year Olds	7,295,085
24	Restricted Receipts	3,128,707
25	Total – Child Welfare	164,158,971
26	<i>Higher Education Incentive Grants</i>	
27	General Revenues	200,000
28	Grand Total – Children, Youth, and Families	209,049,728
29	Health	
30	<i>Central Management</i>	
31	General Revenues	789,523
32	Federal Funds	3,646,373
33	Restricted Receipts	4,976,359
34	Total – Central Management	9,412,255

1	<i>Community Health and Equity</i>	
2	General Revenues	691,032
3	Federal Funds	71,790,291
4	Restricted Receipts	32,202,603
5	Total – Community Health and Equity	104,683,926
6	<i>Environmental Health</i>	
7	General Revenues	5,100,209
8	Federal Funds	7,325,459
9	Restricted Receipts	239,613
10	Total – Environmental Health	12,665,281
11	<i>Health Laboratories and Medical Examiner</i>	
12	General Revenues	9,531,063
13	Federal Funds	2,034,544
14	Total – Health Laboratories and Medical Examiner	11,565,607
15	<i>Customer Services</i>	
16	General Revenues	6,324,375
17	Federal Funds	4,193,231
18	Restricted Receipts	1,087,647
19	Total – Customer Services	11,605,253
20	<i>Policy, Information and Communications</i>	
21	General Revenues	837,790
22	Federal Funds	2,354,457
23	Restricted Receipts	872,764
24	Total – Policy, Information and Communications	4,065,011
25	<i>Preparedness, Response, Infectious Disease & Emergency Services</i>	
26	General Revenues	1,619,131
27	Federal Funds	14,028,957
28	Total – Preparedness, Response, Infectious Disease &	
29	Emergency Services	15,648,088
30	Grand Total - Health	169,645,421
31	Human Services	
32	<i>Central Management</i>	
33	General Revenues	3,410,108
34	Of this amount, \$300,000 is to support the Domestic Violence Prevention Fund to provide	

1 direct services through the Coalition Against Domestic Violence, \$250,000 is to support Project
 2 Reach activities provided by the RI Alliance of Boys and Girls Club, \$217,000 is for outreach and
 3 supportive services through Day One, \$175,000 is for food collection and distribution through the
 4 Rhode Island Community Food Bank, \$300,000 for services provided to the homeless at Crossroad
 5 Rhode Island, and \$520,000 for the Community Action Fund and \$200,000 for the Institute for the
 6 Study and Practice of Nonviolence's Reduction Strategy.

7	Federal Funds	3,973,906
8	Restricted Receipts	507,991
9	Total – Central Management	7,892,005

10 *Child Support Enforcement*

11	General Revenues	3,081,319
12	Federal Funds	7,868,794
13	Total – Child Support Enforcement	10,950,113

14 *Individual and Family Support*

15	General Revenues	20,663,169
16	Federal Funds	99,042,651
17	Restricted Receipts	386,650
18	Other Funds	
19	Intermodal Surface Transportation Fund	4,428,478
20	Rhode Island Capital Plan Funds	
21	Blind Vending Facilities	165,000
22	Total – Individual and Family Support	124,685,948

23 *Office of Veterans' Affairs*

24	General Revenues	20,601,826
25	Of this amount \$200,000 to provide support services through Veteran's organization.	
26	Federal Funds	19,211,211
27	Restricted Receipts	2,241,167
28	Total – Office Veterans' Affairs	42,054,204

29 *Health Care Eligibility*

30	General Revenues	6,045,119
31	Federal Funds	8,001,670
32	Total – Health Care Eligibility	14,046,789

33 *Supplemental Security Income Program*

34	General Revenues	18,548,119
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1	<i>Rhode Island Works</i>	
2	General Revenues	10,612,819
3	Federal Funds	82,662,141
4	Total – Rhode Island Works	93,274,960
5	<i>Other Programs</i>	
6	General Revenues	1,558,951
7	Of this appropriation, \$180,000 shall be used for hardship contingency payments.	
8	Federal Funds	282,060,431
9	Total – Other Programs	283,619,382
10	<i>Elderly Affairs</i>	
11	General Revenues	
12	General Revenues	6,592,188
13	Of this amount, \$140,000 to provide elder services, including respite, through the Diocese	
14	of Providence, \$40,000 for ombudsman services provided by the Alliance for Long Term Care in	
15	accordance with Rhode Island General Law, Chapter 42-66.7, \$85,000 for security for housing for	
16	the elderly in accordance with Rhode Island General Law, Section 42-66.1-3, \$400,000 for Senior	
17	Services Support and \$580,000 for elderly nutrition, of which \$530,000 is for Meals on Wheels.	
18	Federal Funds	12,763,393
19	Restricted Receipts	134,428
20	RIPAE	120,693
21	Total – Elderly Affairs	19,610,702
22	Grand Total – Human Services	614,682,222
23	Behavioral Healthcare, Developmental Disabilities, and Hospitals	
24	<i>Central Management</i>	
25	General Revenues	1,655,306
26	<i>Hospital and Community System Support</i>	
27	General Revenues	2,067,954
28	Other Funds	
29	Rhode Island Capital Plan Funds	
30	Medical Center Rehabilitation	250,000
31	Community Facilities Fire Code	400,000
32	Total – Hospital and Community System Support	2,717,954
33	<i>Services for the Developmentally Disabled</i>	
34	General Revenues	123,584,106

1 Of this general revenue funding, \$3.0 million shall be expended on private provider direct
 2 support staff raises and associated payroll costs as authorized by the Department of Behavioral
 3 Healthcare, Developmental Disabilities and Hospitals. Any increases for direct support staff in
 4 residential or other community based settings must first receive the approval of the Office of
 5 Management and Budget and the Executive Office of Health and Human Services.

6	Federal Funds	130,151,094
7	Restricted Receipts	1,872,560
8	Other Funds	
9	Rhode Island Capital Plan Funds	
10	DD Private Waiver	100,000
11	Regional Center Repair/Rehabilitation	300,000
12	MR Community Facilities/Access to Independence	500,000
13	Total – Services for the Developmentally Disabled	256,507,760

14 *Behavioral Healthcare Services*

15	General Revenues	2,543,780
16	Federal Funds	24,368,659

17 Of this federal funding, \$900,000 shall be expended on the Municipal Substance Abuse
 18 Task Forces, \$250,000 for the Oasis Wellness and Recovery Center and \$128,000 shall be
 19 expended on NAMI of RI.

20	Restricted Receipts	100,000
21	Other Funds	
22	Rhode Island Capital Plan Funds	
23	MH Community Facilities Repair	200,000
24	MH Housing Development Thresholds	800,000
25	Substance Abuse Asset Protection	150,000
26	Total – Behavioral Healthcare Services	28,162,439

27 *Hospital and Community Rehabilitative Services*

28	General Revenues	46,597,476
29	Federal Funds	49,747,706
30	Restricted Receipts	6,536,595
31	Other Funds	
32	Rhode Island Capital Plan Funds	
33	Zambarano Buildings and Utilities	280,000
34	Hospital Consolidation	3,310,000

1	Eleanor Slater HVAC/Elevators	250,000
2	MR Community Facilities	1,025,000
3	Hospital Equipment	300,000
4	Total - Hospital and Community Rehabilitative Services	108,046,777
5	Grand Total – Behavioral Healthcare, Developmental	
6	Disabilities, and Hospitals	397,090,236
7	Office of the Child Advocate	
8	General Revenues	781,499
9	Federal Funds	144,621
10	Grand Total – Office of the Child Advocate	926,120
11	Commission on the Deaf and Hard of Hearing	
12	General Revenues	498,710
13	Restricted Receipts	129,200
14	Grand Total – Comm. On Deaf and Hard of Hearing	627,910
15	Governor’s Commission on Disabilities	
16	General Revenues	454,938
17	Federal Funds	343,542
18	Restricted Receipts	43,710
19	Total – Governor’s Commission on Disabilities	842,190
20	Office of the Mental Health Advocate	
21	General Revenues	549,563
22	Elementary and Secondary Education	
23	<i>Administration of the Comprehensive Education Strategy</i>	
24	General Revenues	20,106,907
25	Provided that \$90,000 be allocated to support the hospital school at Hasbro Children’s	
26	Hospital pursuant to Rhode Island General Law, Section 16-7-20 and that \$245,000 be allocated to	
27	support child opportunity zones through agreements with the Department of Elementary and	
28	Secondary Education to strengthen education, health and social services for students and their	
29	families as a strategy to accelerate student achievement.	
30	Federal Funds	201,868,995
31	Restricted Receipts	
32	Restricted Receipts	2,241,390
33	HRIC Adult Education Grants	3,500,000
34	Total – Admin. of the Comprehensive Ed. Strategy	227,717,292

1	<i>Davies Career and Technical School</i>	
2	General Revenues	13,358,058
3	Federal Funds	1,376,685
4	Restricted Receipts	3,716,922
5	Other Funds	
6	Rhode Island Capital Plan Funds	
7	Davies HVAC	1,000,000
8	Davies Asset Protection	150,000
9	Davies Advanced Manufacturing	3,650,000
10	Total – Davies Career and Technical School	23,251,665
11	<i>RI School for the Deaf</i>	
12	General Revenues	6,269,979
13	Federal Funds	254,320
14	Restricted Receipts	777,791
15	Other Funds	
16	School for the Deaf – Transformation Grants	59,000
17	Total – RI School for the Deaf	7,361,090
18	<i>Metropolitan Career and Technical School</i>	
19	General Revenues	9,342,007
20	Other Funds	
21	Rhode Island Capital Plan Funds	
22	MET Asset Protection	250,000
23	MET School HVAC	2,173,000
24	Total – Metropolitan Career and Technical School	11,765,007
25	<i>Education Aid</i>	
26	General Revenues	890,282,092
27	Restricted Receipts	20,184,044
28	Other Funds	
29	Permanent School Fund	300,000
30	Total – Education Aid	910,766,136
31	<i>Central Falls School District</i>	
32	General Revenues	39,878,367
33	<i>School Construction Aid</i>	
34	General Revenues	

1	School Housing Aid	70,907,110
2	School Building Authority Fund	9,092,890
3	Total – School Construction Aid	80,000,000
4	<i>Teachers' Retirement</i>	
5	General Revenues	101,833,986
6	Grand Total – Elementary and Secondary Education	1,402,573,543
7	Public Higher Education	
8	<i>Office of the Postsecondary Commissioner</i>	
9	General Revenues	14,578,459
10	Provided that \$355,000 shall be allocated the Rhode Island College Crusade pursuant to	
11	the Rhode Island General Law, Section 16-70-5 and that \$30,000 shall be allocated to Best Buddies	
12	Rhode Island to support its programs for children with developmental and intellectual disabilities.	
13	It is also provided that \$2,750,000 shall be allocated to the Rhode Island Promise Scholarship	
14	program.	
15	Federal Funds	
16	Federal Funds	3,707,287
17	Guaranty Agency Administration	5,576,382
18	WaytogoRI Portal	650,000
19	Guaranty Agency Operating Fund-Scholarships & Grants	4,000,000
20	Restricted Receipts	1,490,341
21	Other Funds	
22	Tuition Savings Program – Dual Enrollment	1,300,000
23	Tuition Savings Program – Scholarships and Grants	6,095,000
24	Nursing Education Center – Operating	5,052,544
25	Total – Office of the Postsecondary Commissioner	42,450,013
26	<i>University of Rhode Island</i>	
27	General Revenues	
28	General Revenues	77,371,073
29	Provided that in order to leverage federal funding and support economic development,	
30	\$350,000 shall be allocated to the Small Business Development Center and that \$50,000 shall be	
31	allocated to Special Olympics Rhode Island to support its mission of providing athletic	
32	opportunities for individuals with intellectual and developmental disabilities.	
33	The University shall not decrease internal student financial aid in the 2017 - 2018	
34	academic year below the level of the 2016 - 2017 academic year. The President of the institution	

1 shall report, prior to the commencement of the 2017 - 2018 academic year, to the chair of the
 2 Council of Postsecondary Education that such tuition charges and student aid levels have been
 3 achieved at the start of the FY 2018 as prescribed above.

4	Debt Service	22,657,568
5	RI State Forensics Laboratory	1,201,087
6	Other Funds	
7	University and College Funds	645,715,072
8	Debt – Dining Services	1,007,421
9	Debt – Education and General	3,491,909
10	Debt – Health Services	136,271
11	Debt – Housing Loan Funds	9,984,968
12	Debt – Memorial Union	320,961
13	Debt – Ryan Center	2,423,089
14	Debt – Alton Jones Services	102,964
15	Debt – Parking Authority	1,126,190
16	Debt – Sponsored Research	84,913
17	Debt – Restricted Energy Conservation	810,170
18	Debt – URI Energy Conservation	1,831,837
19	Rhode Island Capital Plan Funds	
20	Asset Protection	8,030,000
21	Fine Arts Center Advanced Planning	1,000,000
22	Total – University of Rhode Island	777,295,493

23 Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or
 24 unencumbered balances as of June 30, 2018 relating to the University of Rhode Island are hereby
 25 reappropriated to fiscal year 2019.

26 *Rhode Island College*

27	General Revenues	48,188,791
28	Debt Service	4,867,060

29 Rhode Island College shall not decrease internal student financial aid in the 2017 - 2018
 30 academic year below the level of the 2016 - 2017 academic year. The President of the institution
 31 shall report, prior to the commencement of the 2017 - 2018 academic year, to the chair of the
 32 Council of Postsecondary Education that such tuition charges and student aid levels have been
 33 achieved at the start of the FY 2018 as prescribed above.

34 Other Funds

1	University and College Funds	127,503,637
2	Debt – Education and General	1,473,919
3	Debt – Housing	368,262
4	Debt – Student Center and Dining	154,095
5	Debt – Student Union	235,556
6	Debt – G.O. Debt Service	1,640,974
7	Debt Energy Conservation	592,875
8	Rhode Island Capital Plan Funds	
9	Asset Protection	3,458,431
10	Infrastructure Modernization	4,500,000
11	Academic Building Phase I	6,100,000
12	Total – Rhode Island College	199,083,600

13 Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or
14 unencumbered balances as of June 30, 2018 relating to Rhode Island College are hereby
15 reappropriated to fiscal year 2019.

16 *Community College of Rhode Island*

17 General Revenues

18	General Revenues	49,935,710
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19 The Community College of Rhode Island shall not decrease internal student financial
20 aid in the 2017 - 2018 academic year below the level of the 2016 - 2017 academic year. The
21 President of the institution shall report, prior to the commencement of the 2017 - 2018 academic
22 year, to the chair of the Council of Postsecondary Education that such tuition charges and student
23 aid levels have been achieved at the start of the FY 2018 as prescribed above.

24	Debt Service	2,082,845
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25	Restricted Receipts	683,649
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26 Other Funds

27	University and College Funds	99,588,610
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28	CCRI Debt Service – Energy Conservation	805,025
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29 Rhode Island Capital Plan Funds

30	Asset Protection	2,799,063
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31	Knight Campus Lab Renovation	375,000
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32	Knight Campus Renewal	5,000,000
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33	Total – Community College of RI	161,269,902
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34 Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or

1 unencumbered balances as of June 30, 2018 relating to the Community College of Rhode Island
2 are hereby reappropriated to fiscal year 2019.

3 Grand Total – Public Higher Education 1,180,099,008

4 **RI State Council on the Arts**

5 General Revenues

6 Operating Support 780,056

7 Grants 1,165,000

8 Provided that \$375,000 be provided to support the operational costs of WaterFire
9 Providence art installations.

10 Federal Funds 781,454

11 Other Funds

12 Art for Public Facilities 345,800

13 Grand Total – RI State Council on the Arts 3,072,310

14 **RI Atomic Energy Commission**

15 General Revenues 982,157

16 Other Funds

17 URI Sponsored Research 272,216

18 Rhode Island Capital Plan Funds

19 RINSC Asset Protection 50,000

20 Grand Total – RI Atomic Energy Commission 1,304,373

21 **RI Historical Preservation and Heritage Commission**

22 General Revenues 1,121,134

23 Provided that \$30,000 support the operational costs of the Fort Adam Trust's restoration
24 activities.

25 Federal Funds 860,963

26 Restricted Receipts 427,700

27 Other Funds

28 RIDOT Project Review 80,970

29 Grand Total – RI Historical Preservation and Heritage Comm. 2,490,767

30 **Attorney General**

31 *Criminal*

32 General Revenues 16,070,177

33 Federal Funds 16,988,288

34 Restricted Receipts 164,599

1	Total – Criminal	33,223,064
2	<i>Civil</i>	
3	General Revenues	5,251,678
4	Restricted Receipts	631,559
5	Total – Civil	5,883,237
6	<i>Bureau of Criminal Identification</i>	
7	General Revenues	1,670,102
8	<i>General</i>	
9	General Revenues	3,202,794
10	Other Funds	
11	Rhode Island Capital Plan Funds	
12	Building Renovations and Repairs	150,000
13	Total – General	3,352,794
14	Grand Total – Attorney General	44,129,197
15	Corrections	
16	<i>Central Management</i>	
17	General Revenues	9,994,732
18	Federal Funds	3,743
19	Total – Central Management	9,998,475
20	<i>Parole Board</i>	
21	General Revenues	1,420,791
22	Federal Funds	120,827
23	Total – Parole Board	1,541,618
24	<i>Custody and Security</i>	
25	General Revenues	137,893,460
26	Federal Funds	785,392
27	Total – Custody and Security	138,678,852
28	<i>Institutional Support</i>	
29	General Revenues	14,915,103
30	Other Funds	
31	Rhode Island Capital Plan Funds	
32	Asset Protection	3,922,042
33	Maximum – General Renovations	1,300,000
34	Dix Building Renovations	1,075,000

1	New Gloria McDonald Buiding	150,000
2	ISC Exterior Envelope and HVAC	2,027,455
3	Medium Infrastructure	7,283,688
4	Total – Institutional Support	30,673,288
5	<i>Institutional Based Rehab./Population Management</i>	
6	General Revenues	11,694,520
7	Federal Funds	584,942
8	Restricted Receipts	44,473
9	Total – Institutional Based Rehab/Population Mgt.	12,323,935
10	<i>Healthcare Services</i>	
11	General Revenues	23,800,253
12	<i>Community Corrections</i>	
13	General Revenues	18,581,969
14	Provided that \$1,050,000 be allocated to Crossroads Rhode Island for sex offender	
15	discharge planning.	
16	Federal Funds	86,980
17	Restricted Receipts	14,895
18	Total – Community Corrections	18,683,844
19	Grand Total – Corrections	235,700,265
20	Judiciary	
21	<i>Supreme Court</i>	
22	General Revenues	
23	General Revenues	28,306,302
24	Provided, however; that no more than \$1,183,205 in combined total shall be offset to the	
25	Public Defender’s Office, the Attorney General’s Office, the Department of Corrections, the	
26	Department of Children, Youth, and Families, and the Department of Public Safety for square-	
27	footage occupancy costs in public courthouses and further provided that \$230,000 be allocated to	
28	the Rhode Island Coalition Against Domestic Violence for the domestic abuse court advocacy	
29	project pursuant to Rhode Island General Law, Section 12-29-7 and that \$90,000 be allocated to	
30	Rhode Island Legal Services, Inc. to provide housing and eviction defense to indigent individuals.	
31	Defense of Indigents	3,803,166
32	Federal Funds	121,481
33	Restricted Receipts	3,980,969
34	Other Funds	

1	Rhode Island Capital Plan Funds	
2	Judicial Complexes - HVAC	900,000
3	Judicial Complexes Asset Protection	950,000
4	Licht Judicial Complex Restoration	750,000
5	Licht Window/Exterior Restoration	500,000
6	Noel Shelled Courtroom Build Out	4,000,000
7	Total - Supreme Court	43,311,918
8	<i>Judicial Tenure and Discipline</i>	
9	General Revenues	146,008
10	<i>Superior Court</i>	
11	General Revenues	23,379,864
12	Federal Funds	91,739
13	Restricted Receipts	370,781
14	Total – Superior Court	23,842,384
15	<i>Family Court</i>	
16	General Revenues	20,695,682
17	Federal Funds	2,908,095
18	Total – Family Court	23,603,777
19	<i>District Court</i>	
20	General Revenues	13,165,035
21	Federal Funds	289,829
22	Restricted Receipts	60,000
23	Total - District Court	13,514,864
24	<i>Traffic Tribunal</i>	
25	General Revenues	9,468,420
26	<i>Workers' Compensation Court</i>	
27	Restricted Receipts	8,118,883
28	Grand Total – Judiciary	122,006,254
29	Military Staff	
30	General Revenues	2,634,057
31	Federal Funds	27,746,960
32	Restricted Receipts	
33	RI Military Family Relief Fund	100,000
34	Other Funds	

1	Rhode Island Capital Plan Funds	
2	Armory of Mounted Command Roof Replacement	949,775
3	Asset Protection	700,000
4	Burrillville Regional Training Institute	22,150
5	Bristol Readiness Center	125,000
6	Joint Force Headquarters Building	5,900,000
7	Grand Total – Military Staff	38,177,942
8	Public Safety	
9	<i>Central Management</i>	
10	General Revenues	1,015,489
11	Federal Funds	10,918,463
12	Total – Central Management	11,933,952
13	<i>E-911 Emergency Telephone System</i>	
14	General Revenues	5,894,522
15	<i>State Fire Marshal</i>	
16	General Revenues	3,669,361
17	Federal Funds	277,167
18	Restricted Receipts	212,166
19	Other Funds	
20	Quonset Development Corporation	72,442
21	Total – State Fire Marshal	4,231,136
22	<i>Security Services</i>	
23	General Revenues	23,937,443
24	<i>Municipal Police Training Academy</i>	
25	General Revenues	269,414
26	Federal Funds	239,365
27	Total – Municipal Police Training Academy	508,779
28	<i>State Police</i>	
29	General Revenues	65,492,857
30	Federal Funds	3,444,674
31	Restricted Receipts	203,758
32	Other Funds	
33	Lottery Commission Assistance	1,495,293
34	Airport Corporation Assistance	150,000

1	Road Construction Reimbursement	2,934,672
2	Weight and Measurement Reimbursement	400,000
3	Rhode Island Capital Plan Funds	
4	DPS Asset Protection	250,000
5	Training Academy Upgrades	100,000
6	Total – State Police	74,471,254
7	Grand Total – Public Safety	120,977,086
8	Office of Public Defender	
9	General Revenues	12,043,006
10	Federal Funds	97,820
11	Grand Total – Office of Public Defender	12,140,826
12	Emergency Management Agency	
13	General Revenues	1,734,470
14	Federal Funds	14,775,673
15	Restricted Receipts	450,095
16	Other	
17	Rhode Island Capital Plan Funds	
18	RI Statewide Communications Network	1,494,414
19	Grand Total – Emergency Management Agency	18,454,652
20	Environmental Management	
21	<i>Office of the Director</i>	
22	General Revenues	5,541,873
23	Of this general revenue amount, \$50,000 is appropriated to the Conservation Districts.	
24	Restricted Receipts	4,054,487
25	Total – Office of the Director	9,596,360
26	<i>Natural Resources</i>	
27	General Revenues	21,088,161
28	Federal Funds	23,024,285
29	Restricted Receipts	3,998,533
30	Other Funds	
31	DOT Recreational Projects	1,178,375
32	Blackstone Bikepath Design	2,059,579
33	Transportation MOU	78,350
34	Rhode Island Capital Plan Funds	

1	Dams Rehabilitation	2,245,805
2	Fort Adams Rehabilitation	300,000
3	Fort Adams Sailing Improvements/Mid-Park	1,750,000
4	Recreational Facilities Improvements	2,450,000
5	Galilee Piers Upgrade	1,250,000
6	Newport Piers Upgrade	137,500
7	Fish & Wildlife Maintenance Facilities	150,000
8	Greenway Blackstone Valley Park Improvements	359,170
9	Natural Resources Offices/Visitor's Center	1,000,000
10	Rocky Point Acquisition/Renovations	150,000
11	Marine Infrastructure and Pier Development	500,000
12	State Recreation Building Demolition	100,000
13	Total – Natural Resources	61,819,758
14	<i>Environmental Protection</i>	
15	General Revenues	12,674,150
16	Federal Funds	10,375,027
17	Restricted Receipts	9,321,063
18	Other Funds	
19	Transportation MOU	164,734
20	Total – Environmental Protection	32,534,974
21	Grand Total – Environmental Management	103,951,092
22	Coastal Resources Management Council	
23	General Revenues	2,487,578
24	Federal Funds	1,649,291
25	Restricted Receipts	250,000
26	Other Funds	
27	Rhode Island Capital Plan Funds	
28	Rhode Island Coastal Storm Risk Study	150,000
29	Narragansett Bay SAMP	250,000
30	Green Pond Dredging Study	50,000
31	Grand Total – Coastal Resources Mgmt. Council	4,836,869
32	Transportation	
33	<i>Central Management</i>	
34	Federal Funds	6,756,379

1	Other Funds	
2	Gasoline Tax	4,799,653
3	Total – Central Management	11,556,032
4	<i>Management and Budget</i>	
5	Other Funds	
6	Gasoline Tax	2,942,455
7	<i>Infrastructure Engineering</i>	
8	Federal Funds	
9	Federal Funds	274,247,090
10	Federal Funds – Stimulus	4,386,593
11	Restricted Receipts	3,168,128
12	Other Funds	
13	Gasoline Tax	76,170,795
14	Land Sale Revenue	2,673,125
15	Rhode Island Capital Plan Funds	
16	RIPTA Land and Buildings	90,000
17	T.F. Green Airport Improvements	2,000,000
18	RIPTA Pawtucket Bus Hub	313,018
19	RIPTA Providence Transit Connector	470,588
20	Highway Improvement Program	35,851,346
21	Total - Infrastructure Engineering	399,370,683
22	<i>Infrastructure Maintenance</i>	
23	Other Funds	
24	Gasoline Tax	20,612,520
25	Non-Land Surplus Property	50,000
26	Outdoor Advertising	100,000
27	Rhode Island Highway Maintenance Account	74,433,382
28	Rhode Island Capital Plan Funds	
29	Maintenance Facilities Improvements	400,000
30	Salt Storage Facilities	1,750,000
31	Maintenance - Equipment Replacement	2,500,000
32	Train Station Maintenance and Repairs	350,000
33	Total – Infrastructure Maintenance	100,195,902
34	Grand Total – Transportation	514,065,072

1	Statewide Totals	
2	General Revenues	3,767,715,656
3	Federal Funds	3,134,144,774
4	Restricted Receipts	261,725,805
5	Other Funds	2,079,248,575
6	Statewide Grand Total	9,242,834,810

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

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

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

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

31	Account	Expenditure Limit
32	State Assessed Fringe Benefit Internal Service Fund	41,229,448
33	Administration Central Utilities Internal Service Fund	24,910,320
34	State Central Mail Internal Service Fund	6,838,505

1	State Telecommunications Internal Service Fund	3,244,413
2	State Automotive Fleet Internal Service Fund	12,510,602
3	Surplus Property Internal Service Fund	3,000
4	Health Insurance Internal Service Fund	251,804,700
5	State Fleet Revolving Loan Fund	273,786
6	Other Post-Employment Benefits Fund	63,852,483
7	Capitol Police Internal Service Fund	1,306,128
8	Corrections Central Distribution Center Internal Service Fund	6,784,478
9	Correctional Industries Internal Service Fund	7,581,704
10	Secretary of State Record Center Internal Service Fund	807,345

11 SECTION 6. *Legislative Intent* - The General Assembly may provide a written "statement
12 of legislative intent" signed by the chairperson of the House Finance Committee and by the
13 chairperson of the Senate Finance Committee to show the intended purpose of the appropriations
14 contained in Section 1 of this Article. The statement of legislative intent shall be kept on file in the
15 House Finance Committee and in the Senate Finance Committee.

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

21 SECTION 7. *Appropriation of Temporary Disability Insurance Funds* -- There is hereby
22 appropriated pursuant to sections 28-39-5 and 28-39-8 of the Rhode Island General Laws all funds
23 required to be disbursed for the benefit payments from the Temporary Disability Insurance Fund
24 and Temporary Disability Insurance Reserve Fund for the fiscal year ending June 30, 2018.

25 SECTION 8. *Appropriation of Employment Security Funds* -- There is hereby appropriated
26 pursuant to section 28-42-19 of the Rhode Island General Laws all funds required to be disbursed
27 for benefit payments from the Employment Security Fund for the fiscal year ending June 30, 2018.

28 SECTION 9. *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 of
30 paying commissions or transfers to the prize fund for the fiscal year ending June 30, 2018.

31 SECTION 10. Departments and agencies listed below may not exceed the number of full-
32 time equivalent (FTE) positions shown below in any pay period. Full-time equivalent positions do
33 not include seasonal or intermittent positions whose scheduled period of employment does not
34 exceed twenty-six (26) consecutive weeks or whose scheduled hours do not exceed nine hundred

1 and twenty-five (925) hours, excluding overtime, in a one-year period. Nor do they include
 2 individuals engaged in training, the completion of which is a prerequisite of employment. Provided,
 3 however, that the Governor or designee, Speaker of the House of Representatives or designee, and
 4 the President of the Senate or designee may authorize an adjustment to any limitation. Prior to the
 5 authorization, the State Budget Officer shall make a detailed written recommendation to the
 6 Governor, the Speaker of the House, and the President of the Senate. A copy of the
 7 recommendation and authorization to adjust shall be transmitted to the chairman of the House
 8 Finance Committee, Senate Finance Committee, the House Fiscal Advisor and the Senate Fiscal
 9 Advisor.

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

13 FY 2018 FTE POSITION AUTHORIZATION

14 Departments and Agencies	Full-Time Equivalent
15 Administration	696.7
16 Business Regulation	101.0
17 Executive Office of Commerce	17.0
18 Labor and Training	428.7
19 Revenue	533.5
20 Legislature	298.5
21 Office of the Lieutenant Governor	8.0
22 Office of the Secretary of State	59.0
23 Office of the General Treasurer	89.0
24 Board of Elections	12.0
25 Rhode Island Ethics Commission	12.0
26 Office of the Governor	45.0
27 Commission for Human Rights	14.5
28 Public Utilities Commission	51.0
29 Office of Health and Human Services	285.0
30 Children, Youth, and Families	616.5
31 Health	493.6
32 Human Services	981.1
33 Behavioral Healthcare, Developmental Disabilities, and Hospitals	1,319.4
34 Office of the Child Advocate	8.0

1	Commission on the Deaf and Hard of Hearing	4.0
2	Governor's Commission on Disabilities	4.0
3	Office of the Mental Health Advocate	4.0
4	Elementary and Secondary Education	139.1
5	School for the Deaf	60.0
6	Davies Career and Technical School	126.0
7	Office of Postsecondary Commissioner	37.0
8	Provided that 1.0 of the total authorization would be available only for positions that are	
9	supported by third-party funds.	
10	University of Rhode Island	2,489.5
11	Provided that 573.8 of the total authorization would be available only for positions that are	
12	supported by third-party funds.	
13	Rhode Island College	926.2
14	Provided that 76.0 of the total authorization would be available only for positions that are	
15	supported by third-party funds.	
16	Community College of Rhode Island	854.1
17	Provided that 89.0 of the total authorization would be available only for positions that are	
18	supported by third-party funds.	
19	Rhode Island State Council on the Arts	8.6
20	RI Atomic Energy Commission	8.6
21	Historical Preservation and Heritage Commission	15.6
22	Office of the Attorney General	235.1
23	Corrections	1,423.0
24	Judicial	723.3
25	Military Staff	92.0
26	Public Safety	611.6
27	Office of the Public Defender	93.0
28	Emergency Management Agency	32.0
29	Environmental Management	400.0
30	Coastal Resources Management Council	29.0
31	Transportation	775.0
32	Total	15,160.2

33 SECTION 11. The amounts reflected in this Article include the appropriation of Rhode
34 Island Capital Plan funds for fiscal year 2018 and supersede appropriations provided for FY 2018

1 within Section 11 of Article 1 of Chapter 142 of the P.L. of 2016.

2 The following amounts are hereby appropriated out of any money in the State’s Rhode
 3 Island Capital Plan Fund not otherwise appropriated to be expended during the fiscal years ending
 4 June 30, 2019, June 30, 2020, June 30, 2021 and June 30, 2022. These amounts supersede
 5 appropriations provided within Section 11 of Article 1 of Chapter 142 of the P.L. of 2016. For the
 6 purposes and functions hereinafter mentioned, the State Controller is hereby authorized and
 7 directed to draw his or her orders upon the General Treasurer for the payment of such sums and
 8 such portions thereof as may be required by him or her upon receipt of properly authenticated
 9 vouchers.

	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	Ending	Ending	Ending	Ending
<u>Project</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
DOA – Cannon Building	600,000	350,000	3,500,000	3,500,000
DOA – Accessibility Facility Ren.	1,000,000	1,000,000	1,000,000	1,000,000
DOA – Pastore Center Rehab	4,000,000	4,000,000	4,000,000	5,000,000
DOA – Shepard Building	500,000	2,000,000	2,000,000	0
DOA – State House Energy Management				
Improv.	3,000,000	0	0	0
DOA – State Office Building	350,000	1,000,000	2,930,000	0
DOA – Washington County Govern. Ctr.	1,250,000	1,250,000	750,000	500,000
DOA – William Powers Administration	2,000,000	3,000,000	4,000,000	1,000,000
DOA – Zambarano Utilities and Infrs.	2,240,000	2,100,000	1,500,000	1,000,000
BHDDH – Hospital Reorganization	1,920,000	500,000	0	0
DOC – Asset Protection	3,750,000	3,750,000	3,750,000	3,750,000
EOC – Quonset Piers	2,000,000	5,000,000	5,000,000	0
DLT – Center General Asset Protection	1,000,000	1,650,000	880,000	500,000
EL SEC – Davies School Asset Protection	150,000	150,000	150,000	150,000
EL SEC – Davies HVAC	1,974,000	0	0	0
EL SEC – Met School Asset Protection	250,000	250,000	250,000	250,000
Judicial – Asset Protection	950,000	1,000,000	1,000,000	1,000,000
Mil Staff – Joint Force Headquarters				
Building	4,706,152	0	0	0
Higher Ed – Asset Protection-CCRI	2,368,035	2,439,076	2,487,857	2,537,615
Higher Ed – Knight Campus Renewal	4,000,000	3,000,000	0	0

1	Higher Ed – Asset Protection-RIC	3,562,184	3,669,050	4,150,000	4,233,000
2	Higher Ed – Asset Protection-URI	8,200,000	8,364,000	8,531,280	8,700,000
3	Higher Ed-RIC Infrs.Modernization	4,500,000	3,600,000	3,500,000	3,500,000
4	Higher Ed – Academic Building Phase I -				
5	Craig Lee, Gaige, Adams Library	6,000,000	0	0	0
6	Higher Ed – Knight Campus Biology and				
7	Chemistry Lab Renovation	375,000	0	0	0
8	DPS – Asset Protection	250,000	250,000	250,000	250,000
9	DEM – Dam Repairs	1,500,000	1,250,000	1,000,000	1,000,000
10	DEM – Galilee Piers	1,250,000	400,000	400,000	400,000
11	DEM – Recreational Facility Improv.	1,600,000	1,850,000	2,100,000	2,000,000
12	DOT – Highway Improvements	32,451,346	32,451,346	32,451,346	32,451,346
13	DOT – Maintenance – Capital Equip.	2,500,000	2,500,000	2,500,000	2,500,000
14	RIPTA– Pawtucket Bus Hub Transit				
15	Corridor	946,168	0	0	0
16	RIPTA – Providence Transit Connector	1,561,279	0	0	0

17 SECTION 12. Reappropriation of Funding for Rhode Island Capital Plan Fund Projects.
18 – Any unexpended and unencumbered funds from Rhode Island Capital Plan Fund project
19 appropriations shall be reappropriated in the ensuing fiscal year and made available for the same
20 purpose. However, any such reappropriations are subject to final approval by the General Assembly
21 as part of the supplemental appropriations act. Any unexpended funds of less than five hundred
22 dollars (\$500) shall be reappropriated at the discretion of the State Budget Officer.

23 SECTION 13. For the Fiscal Year ending June 30, 2018, the Rhode Island Housing and
24 Mortgage Finance Corporation shall provide from its resources such sums as appropriate in support
25 of the Neighborhood Opportunities Program. The Corporation shall provide a report detailing the
26 amount of funding provided to this program, as well as information on the number of units of
27 housing provided as a result to the Director of Administration, the Chair of the Housing Resources
28 Commission, the Chair of the House Finance Committee, the Chair of the Senate Finance
29 Committee and the State Budget Officer.

30 SECTION 14. Appropriation of CollegeBound Saver Funds – There is hereby appropriated
31 to the Office of the General Treasurer designated funds received under the CollegeBound Saver
32 program for transfer to the Division of Higher Education Assistance within the Office of the
33 Postsecondary Commissioner to support student financial aid for the fiscal year ending June 30,
34 2018.

1 SECTION 15. Notwithstanding any provisions of Chapter 12.2 in Title 46 of the Rhode
2 Island General Laws, the Rhode Island Infrastructure Bank shall transfer to the State Controller the
3 sum of three million five hundred thousand dollars (\$3,500,000) by June 30, 2018.

4 SECTION 16. Notwithstanding any provisions of Chapter 38 in Title 45 of the Rhode
5 Island General Laws, the Rhode Island Health and Educational Building Corporation shall transfer
6 to the State Controller the sum of six million dollars (\$6,000,000) by June 30, 2018.

7 SECTION 17. Notwithstanding any provisions of Chapter 2 in Title 39 of the Rhode Island
8 General Laws, the Electric and Gas Distribution Company shall transfer to the State Controller the
9 sum of twelve million and five hundred thousand dollars (\$12,500,000) by June 30, 2018 from the
10 Public Utilities Commission approved 2018 System Reliability and Energy Efficiency and
11 Conservation Procurement Programmatic Budget Plan. The 2018 program year plans total budget
12 shall not exceed the commission-approved total budget for the 2017 system reliability and energy
13 efficiency and conservation procurement program plan.

14 SECTION 18. Quonset Development Corporation. Notwithstanding any provision of
15 Chapter 64.1 in Title 42 of the Rhode Island General Laws, the Quonset Development Corporation
16 shall transfer to the State Controller the sum of one million dollars (\$1,000,000) by June 30, 2018.

17 SECTION 19. Rhode Island Housing. Notwithstanding any provision of Chapter 55 in
18 Title 42 of the Rhode Island General Laws, the Rhode Island Housing shall transfer to the State
19 Controller the sum of one million dollars (\$1,000,000) by June 30, 2018.

20 SECTION 20. Narragansett Bay Commission. Notwithstanding any provision of Chapter
21 25 in Title 46 of the Rhode Island General Laws, the Narragansett Bay Commission shall transfer
22 to the State Controller the sum of five million dollars (\$5,000,000) by June 30, 2018.

23 SECTION 21. Effective for the fiscal year ending June 30, 2018 and each fiscal year
24 thereafter, the Public Utilities Commission shall transfer to the State Controller for deposit as a
25 general revenue receipt the sum of three hundred thirty-three thousand four hundred twenty dollars
26 (\$333,420) for rent on the building located at 89 Jefferson Boulevard in Warwick, Rhode Island.

27 SECTION 22. This article shall take effect as of July 1, 2017.

ARTICLE 2

RELATING TO ECONOMIC DEVELOPMENT AND TAX CREDITS

SECTION 1. Sections 42-64.28-2, 42-64.28-3, 42-64.28-4, and 42-64.28-5 of the General Laws in Chapter 42-64.28 entitled "Innovation Initiative" are hereby amended to read as follows:

42-64.28-2 Definitions.

As used in this chapter:

(1) "Commerce corporation" means the Rhode Island commerce corporation established pursuant to 42-64-1 et seq.

(2) "Small business" means a business that is resident in Rhode Island, has its business facility located within the state, and employs five hundred (500) or fewer persons.

(3) "Manufacturer" shall mean any entity that:

(i) Uses any premises within the state primarily for the purpose of transforming raw materials into a finished product for trade through any or all of the following operations: adapting, altering, finishing, making, processing, refining, metalworking, and ornamenting, but shall not include fabricating processes incidental to warehousing or distribution of raw materials, such as alteration of stock for the convenience of a customer; or

(ii) Is described in codes 31-33 of the North American Industry Classification system, as revised from time to time.

(4) "Small business manufacturer" shall mean a business that meets the definitions of terms small business and manufacturer as defined herein.

~~(3)~~ (5) "Match" shall mean a funding match, or in kind services provided by a third party.

~~(4)~~ (6) "Targeted industry" means any advanced, promising or otherwise prioritized industry identified in the economic development vision and policy promulgated pursuant to 42-64.17-1 or, until such time as any such economic development vision and policy is promulgated, as identified by the commerce corporation.

42-64.28-3 Programs Established.

(a) The Rhode Island commerce corporation shall establish a voucher program and an innovation network program as provided under this chapter. The programs are subject to available appropriations and such other funding as may be dedicated to the programs.

(b) There is established an account in the name of the "innovation initiative fund" (the

1 "fund") under the control of the commerce corporation to fund the programs.

2 (1) The fund shall consist of:

3 (i) Money appropriated in the state budget to the fund;

4 (ii) Money made available to the fund through federal grants, programs or private
5 contributions;

6 (iii) Application or other fees paid to the fund to process applications for awards under this
7 chapter; and

8 (iv) Any other money made available to the fund.

9 (c) *Voucher program.* The commerce corporation is authorized, to develop and implement
10 an innovation voucher program to provide financing to small businesses to purchase research and
11 development support or other forms of technical assistance and services from Rhode Island
12 institutions of higher education and other providers and to fund research and development by and
13 for small business manufacturers.

14 (d) *Innovation network program.* The commerce corporation is authorized to provide
15 innovation grants to organizations, including non-profit organizations, for-profit organizations,
16 universities, and co-working space operators that offer technical assistance, space on flexible terms,
17 and access to capital to businesses in advanced or targeted industries. The commerce corporation
18 shall only issue grants under this subsection when those grants are matched by private sector or
19 non-profit partners. The commerce corporation shall establish guidelines for appropriate matching
20 criteria under this section, including necessary matching ratios.

21 **42-64.28-4 Eligible uses.**

22 (a) Vouchers available under this chapter shall be used for the benefit of small businesses
23 to access technical assistance and other services including, but not limited to, research,
24 technological development, product development, commercialization, market development,
25 technology exploration, and improved business practices that implement strategies to grow
26 business and create operational efficiencies.

27 (b) Vouchers available under this chapter shall be used to provide funding to finance
28 internal research and development by and for small business manufacturers, including, but not
29 limited to, research, technological development, product development, commercialization, market
30 development, technology exploration, and improved business practices that implement strategies
31 to grow business and create operational efficiencies. Subject to appropriation, the commerce
32 corporation shall reserve an amount not to exceed fifty percent (50%) of the voucher program's
33 annual appropriation to be made available in fiscal year 2018 for vouchers awarded to small
34 business manufacturers under this subsection.

1 ⊕ (c) Matching fund awards shall be used for the benefit of small businesses in industries
2 designated from time-to-time by the corporation, including without limitation, life science and
3 healthcare; food and agriculture; clean technology and energy efficiency; and cyber security to pay
4 for and access technological assistance, to procure space on flexible terms, and to access capital
5 from organizations, including non-profit organizations, for-profit organizations, universities, and
6 co-working space businesses.

7 **42-64.28-5 Qualification.**

8 (a) To qualify for a voucher or for a matching fund award under this chapter, a business
9 must make application to the commerce corporation, and upon selection, shall enter into an
10 agreement with the commerce corporation. The commerce corporation shall have no obligation to
11 issue any voucher, make any award or grant any benefits under this chapter.

12 **(b) In a given tax year, a business shall not receive a voucher or matching fund award**
13 **provided for under this chapter in conjunction with the tax credit provided for in §44-32-3 of the**
14 **general laws.**

15 SECTION 2. Section 44-33.6-11 of the General Laws in Chapter 44-33.6 entitled "Historic
16 Preservation Tax Credits 2013" is hereby amended to read as follows:

17 **44-33.6-11. Sunset.**

18 No credits shall be authorized to be reserved pursuant to this chapter on or after June 30,
19 ~~2017~~ 2019, or upon the exhaustion of the maximum aggregate credits, whichever comes first.

20 SECTION 3. Section 1 of this article shall take on July 1, 2017. Section 2 shall take effect
21 upon passage.

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ARTICLE 3 AS AMENDED

RELATING TO RHODE ISLAND PROMISE SCHOLARSHIP

SECTION 1. Title 16 of the General Laws entitled "EDUCATION" is hereby amended by adding thereto the following chapter:

CHAPTER 107

RHODE ISLAND PROMISE SCHOLARSHIP

16-107-1. Short title.

This chapter shall be known and may be cited as the "Rhode Island Promise Scholarship Act."

16-107-2. Legislative findings and purpose.

(a) The general assembly finds and declares that:

(1) Education is critical for the state's young people to achieve their dreams and develop their talents;

(2) The state's economic success depends on a highly educated and skilled workforce; and

(3) The state's future prosperity depends upon its ability to make educational opportunities beyond high school available for all students as part of a free public education.

(b) In order to address the findings set forth in subsection (a), the purpose of this chapter is to increase the number of students enrolling in and completing degrees on-time from the Community College of Rhode Island.

16-107-3. Establishment of scholarship program.

Beginning with the high school graduating class of 2017, it is hereby established the Rhode Island Promise scholarship program that will end with the high school graduating class of 2020. The general assembly shall annually appropriate the funds necessary to implement the purposes of this chapter. Additional funds beyond the scholarships may be appropriated to support and advance the Rhode Island Promise scholarship program. In addition to appropriation by the general assembly, charitable donations may be accepted into the scholarship program.

16-107-4. Definitions.

When used in this chapter, the following terms shall have the following meanings:

(1) "FAFSA" means the Free Application for Federal Student Aid form;

(2) "Mandatory fees and tuition" are the costs that every student is required to pay in order

1 to enroll in classes, and does not include room and board, textbooks, program fees that may exist
2 in some majors, course fees that may exist for some specific courses, meal plans or travel;

3 (3) "On track to graduate on time" means the standards determined by the Community
4 College of Rhode Island in establishing the expectation of a student to graduate with an associate's
5 degree within two (2) years of enrollment (recognizing that some students, including students who
6 require developmental education, are double majors, or are enrolled in certain professional
7 programs may require an extended time period for degree completion);

8 (4) "Scholarship program" means the Rhode Island Promise scholarship program that is
9 established pursuant to §16-107-3;

10 (5) "Recipient-student" means a student attending the Community College of Rhode Island
11 who qualifies to receive the Rhode Island promise scholarship pursuant to §16-107-6; and

12 (6) "State" means the State of Rhode Island and Providence Plantations.

13 **16-107-5. Administration of scholarship program.**

14 (a) The financial aid office in conjunction with the office of enrollment management, or
15 their respective equivalent offices, at the Community College of Rhode Island, shall administer the
16 scholarship program for state residents seeking associate degrees who meet the eligibility
17 requirements in this chapter.

18 (b) An award of the scholarship program shall cover the cost of two (2) years of tuition and
19 mandatory fees less federal and all other financial aid monies available to the recipient-student.

20 (c) The scholarship program is limited to one award per student as required by §16-107-
21 6(a)(7).

22 **16-107-6. Eligibility for scholarship.**

23 (a) Beginning with the students who enroll at the Community College of Rhode Island in
24 fall of 2017 and ending with students who enroll at the Community College of Rhode Island in the
25 fall of 2020, to be considered for the scholarship, a student:

26 (1) Must qualify for in-state tuition and fees pursuant to the Residency Policy adopted by
27 the Council on Postsecondary Education, as amended, supplemented, restated or otherwise
28 modified from time to time ("residency policy"); provided, that, the student must have satisfied the
29 high school graduation/equivalency diploma condition prior to reaching nineteen (19) years of age;
30 provided, further, that in addition to the option of meeting the requirement by receiving a high
31 school equivalency diploma as described in the residency policy, the student can satisfy the
32 condition by receiving other certificates or documents of equivalent nature from the state or its
33 municipalities as recognized by applicable regulations promulgated by the Council on Elementary
34 and Secondary Education;

1 (2) Must be admitted to, and must enroll and attend the Community College of Rhode
2 Island on a full-time basis by the semester immediately following high school graduation or the
3 semester immediately following receipt of a high school equivalency diploma;

4 (3) Must complete the FAFSA and any required FAFSA verification by the deadline
5 prescribed by the Community College of Rhode Island for each year in which the student seeks to
6 receive funding under the scholarship program;

7 (4) Must continue to be enrolled on a full-time basis;

8 (5) Must maintain an average annual cumulative grade point average (GPA) of 2.5 or
9 greater, as determined by the Community College of Rhode Island;

10 (6) Must remain on track to graduate on time as determined by the Community College of
11 Rhode Island;

12 (7) Must not have already received an award under this scholarship program; and

13 (8) Must commit to live, work, or continue their education in Rhode Island after graduation.

14 The Community College of Rhode Island shall develop a policy that will secure this commitment
15 from recipient-students.

16 (b) Notwithstanding the eligibility requirements under §§16-107-6(a) ("specified
17 conditions"):

18 (i) In the case of a recipient-student who has an approved medical or personal leave of
19 absence or is unable to satisfy one or more specified conditions because of the student's medical or
20 personal circumstances, the student may continue to receive an award under the scholarship
21 program upon resuming the student's education so long as the student continues to meet all other
22 applicable eligibility requirements; and

23 (ii) In the case of a recipient-student who is a member of the national guard or a member
24 of a reserve unit of a branch of the United States military and is unable to satisfy one or more
25 specified conditions because the student is or will be in basic or special military training, or is or
26 will be participating in a deployment of the student's guard or reserve unit, the student may continue
27 to receive an award under the scholarship program upon completion of the student's basic or special
28 military training or deployment.

29 **16-107-7. Reporting and disbursement.**

30 (a) On or before November 10 and May 10 of each fiscal year following fiscal year 2017,
31 the Community College of Rhode Island shall submit a report to the Director of the Office of
32 Management and Budget, the State Budget Officer, the House Fiscal Advisor, the Senate Fiscal
33 Advisor, the Commissioner of Postsecondary Education, and the chair of the Council on
34 Postsecondary Education detailing the number of students eligible to participate in the scholarship

1 program, the amount of federal and Institutional financial aid anticipated to be received by
2 recipient-students, the aggregate tuition and mandatory fee costs attributable to recipient-students,
3 and the resulting total cost of the scholarship program to the state. The report shall contain such
4 data for both the current fiscal year and the most up-to-date forecast for the following fiscal year.
5 Data reported shall be subdivided by student year cohort and shall be accompanied by a written
6 explanation detailing the estimating methodology utilized and any impact(s) the forecasted data
7 may present to institutional capacity, operational costs, and the tuition/fee revenue base of the
8 institution.

9 (b) On or before July 1, 2020, the Community College of Rhode Island and the
10 Commissioner of Postsecondary Education shall submit a report evaluating the program based on
11 the first two cohorts to the governor, speaker of the house, and the president of the senate. This
12 evaluation shall include the following:

13 (1) The number of students who started in each cohort;

14 (2) The number of students in each cohort who have attained a degree or certification in an
15 on-time manner;

16 (3) The number of students in each cohort who have not attained a degree or certification
17 in an on-time manner; and an analysis of why that has happened;

18 (4) The number of students in each cohort who began the program but have been unable to
19 continue or complete the program, and an analysis of why that has happened;

20 (5) The costs of the program and the costs of continuing the program;

21 (6) Suggestions for ways to increase the success of the program;

22 (7) Recommendations as to modifying, continuing, expanding, curtailing, or discontinuing
23 the program; and

24 (8) Any such other recommendations or information as the Community College of Rhode
25 Island and the Commissioner of Postsecondary Education deem appropriate to include in the
26 evaluation.

27 (c) The Office of Management and Budget, in consultation with the Office of the
28 Postsecondary Commissioner, shall oversee the apportionment and disbursement of all funds
29 appropriated for the purpose of the scholarship program.

30 **16-107-8. Rules and procedures.**

31 The Council on Postsecondary Education is hereby authorized to promulgate rules to
32 effectuate the purposes of this chapter and the Community College of Rhode Island shall establish
33 appeal procedures for the award, denial or revocation of funding under the scholarship program.
34 The rules shall be promulgated in accordance with §16-59-4.

1 SECTION 2. Section 16-59-9 of the General Laws in Chapter 16-59 entitled "Board of
2 Governors for Higher Education [See Title 16 Chapter 97 - The Rhode Island Board of Education
3 Act]" is hereby amended to read as follows:

4 **16-59-9. Educational budget and appropriations.**

5 (a) The general assembly shall annually appropriate any sums it deems necessary for
6 support and maintenance of higher education in the state and the state controller is authorized and
7 directed to draw his or her orders upon the general treasurer for the payment of the appropriations
8 or so much of the sums that are necessary for the purposes appropriated, upon the receipt by him
9 or her of proper vouchers as the council on postsecondary education may by rule provide. The
10 council shall receive, review, and adjust the budget for the office of postsecondary commissioner
11 and present the budget as part of the budget for higher education under the requirements of § 35-3-
12 4.

13 (b) The office of postsecondary commissioner and the institutions of public higher
14 education shall establish working capital accounts.

15 (c) Any tuition or fee increase schedules in effect for the institutions of public higher
16 education shall be received by the council on postsecondary education for allocation for the fiscal
17 year for which state appropriations are made to the council by the general assembly; provided that
18 no further increases may be made by the board of education or the council on postsecondary
19 education for the year for which appropriations are made. Except that these provisions shall not
20 apply to the revenues of housing, dining, and other auxiliary facilities at the University of Rhode
21 Island, Rhode Island College, and the Community Colleges including student fees as described in
22 P.L. 1962, ch. 257 pledged to secure indebtedness issued at any time pursuant to P.L. 1962, ch. 257
23 as amended.

24 (d) All housing, dining, and other auxiliary facilities at all public institutions of higher
25 learning shall be self-supporting and no funds shall be appropriated by the general assembly to pay
26 operating expenses, including principal and interest on debt services, and overhead expenses for
27 the facilities, [with the exception of the mandatory fees covered by the Rhode Island Promise](#)
28 [Scholarship Program as established by §16-107-3](#). Any debt-service costs on general obligation
29 bonds presented to the voters in November 2000 and November 2004 or appropriated funds from
30 the Rhode Island capital plan for the housing auxiliaries at the University of Rhode Island and
31 Rhode Island College shall not be subject to this self-supporting requirement in order to provide
32 funds for the building construction and rehabilitation program. The institutions of public higher
33 education will establish policies and procedures that enhance the opportunity for auxiliary facilities
34 to be self-supporting, including that all faculty provide timely and accurate copies of booklist for

1 required textbooks to the public higher educational institution's bookstore.

2 (e) The additional costs to achieve self-supporting status shall be by the implementation of
3 a fee schedule of all housing, dining, and other auxiliary facilities, including but not limited to,
4 operating expenses, principal, and interest on debt services, and overhead expenses.

5 (f) The board of education is authorized to establish a restricted-receipt account for the
6 Westerly Higher Education and Industry Center (also known as the Westerly Job Skills Center or
7 Westerly Higher Education Learning Center) and to collect lease payments from occupying
8 companies, and fees from room and service rentals, to support the operation and maintenance of
9 the facility. All such revenues shall be deposited to the restricted-receipt account.

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

ARTICLE 4 AS AMENDED

RELATING TO MOTOR VEHICLES

SECTION 1. Chapter 31-2 of the General Laws entitled "Division of Motor Vehicles" is hereby amended by adding thereto the following section:

31-2-27. Technology surcharge fee.

(a) The division of motor vehicles shall collect a technology surcharge fee of one dollar and fifty cents (\$1.50) per transaction for every division of motor vehicles fee transaction, except as otherwise provided by law. All technology surcharge fees collected pursuant to this section shall be deposited into the information technology investment fund established pursuant to §42-11-2.5 and shall be used for project-related payments and/or ongoing maintenance of and enhancements to the division of motor vehicles' computer system and to reimburse the information technology investment fund for advances made to cover project-related payments.

(b) Authorization to collect the technology surcharge fee provided for in subsection (a) shall sunset and expire on June 30, 2022.

SECTION 2. Section 31-3-33 of the General Laws in Chapter 31-3 entitled "Registration of Vehicles" is hereby amended to read as follows:

31-3-33. Renewal of registration.

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

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

(c) Upon renewal, owners will be issued a renewal sticker for each registration plate that shall be placed at the bottom, right-hand corner of the plate. Owners shall be issued a new, fully reflective plate beginning ~~April 1, 2017~~ January 1, 2019, at the time of initial registration or at the renewal of an existing registration and reissuance will be conducted no less than every ten (10) years.

SECTION 3. Section 31-6-1 of the General Laws in Chapter 31-6 entitled "Registration Fees" is hereby amended to read as follows:

31-6-1. Amount of registration and miscellaneous fees. [Effective July 1, 2017.]

1 (a) The following registration fees shall be paid to the division of motor vehicles for the
2 registration of motor vehicles, trailers, semi-trailers, and school buses subject to registration for
3 each year of registration:

4 (1) For the registration of every automobile, when equipped with pneumatic tires, the gross
5 weight of which is not more than four thousand pounds (4,000 lbs.): thirty dollars (\$30.00).

6 (2) For the registration of every motor truck or tractor when equipped with pneumatic tires,
7 the gross weight of which is not more than four thousand pounds (4,000 lbs.): thirty-four dollars
8 (\$34.00).

9 ~~(3)~~ (3) For the registration of every automobile, when equipped with pneumatic tires, the
10 gross weight of which is:

11 (i) More than four thousand pounds (4,000 lbs.), but not more than five thousand pounds
12 (5,000 lbs.): forty dollars (\$40.00);

13 (ii) More than five thousand pounds (5,000 lbs.), but not more than six thousand pounds
14 (6,000 lbs.): forty-eight dollars (\$48.00);

15 (iii) More than six thousand pounds (6,000 lbs.), but not more than seven thousand pounds
16 (7,000 lbs.): fifty-six dollars (\$56.00);

17 (iv) More than seven thousand pounds (7,000 lbs.), but not more than eight thousand
18 pounds (8,000 lbs.): sixty-four dollars (\$64.00);

19 (v) More than eight thousand pounds (8,000 lbs.), but not more than nine thousand pounds
20 (9,000 lbs.): seventy dollars (\$70.00);

21 (vi) More than nine thousand pounds (9,000 lbs.), but not more than ten thousand pounds
22 (10,000 lbs.): seventy-eight dollars (\$78.00);

23 (vii) More than ten thousand pounds (10,000 lbs.), but not more than twelve thousand
24 pounds (12,000 lbs.): one hundred six dollars (\$106);

25 (viii) More than twelve thousand pounds (12,000 lbs.), but not more than fourteen thousand
26 pounds (14,000 lbs.): one hundred twenty-four dollars (\$124);

27 (ix) More than fourteen thousand pounds (14,000 lbs.), but not more than sixteen thousand
28 pounds (16,000 lbs.): one hundred forty dollars (\$140);

29 (x) More than sixteen thousand pounds (16,000 lbs.), but not more than eighteen thousand
30 pounds (18,000 lbs.): one hundred fifty-eight dollars (\$158);

31 (xi) More than eighteen thousand pounds (18,000 lbs.), but not more than twenty thousand
32 pounds (20,000 lbs.): one hundred seventy-six dollars (\$176);

33 (xii) More than twenty thousand pounds (20,000 lbs.), but not more than twenty-two
34 thousand pounds (22,000 lbs.): one hundred ninety-four dollars (\$194);

1 (xiii) More than twenty-two thousand pounds (22,000 lbs.), but not more than twenty-four
2 thousand pounds (24,000 lbs.): two hundred ten dollars (\$210);
3 (xiv) More than twenty-four thousand pounds (24,000 lbs.), but not more than twenty-six
4 thousand pounds (26,000 lbs.): two hundred thirty dollars (\$230);
5 (xv) More than twenty-six thousand pounds (26,000 lbs.), but not more than twenty-eight
6 thousand pounds (28,000 lbs.): two hundred ninety-six dollars (\$296);
7 (xvi) More than twenty-eight thousand pounds (28,000 lbs.), but not more than thirty
8 thousand pounds (30,000 lbs.): three hundred sixteen dollars (\$316);
9 (xvii) More than thirty thousand pounds (30,000 lbs.), but not more than thirty-two
10 thousand pounds (32,000 lbs.): four hundred and twenty-two dollars (\$422);
11 (xviii) More than thirty-two thousand pounds (32,000 lbs.), but not more than thirty-four
12 thousand pounds (34,000 lbs.): four hundred and forty-eight dollars (\$448);
13 (xix) More than thirty-four thousand pounds (34,000 lbs.), but not more than thirty-six
14 thousand pounds (36,000 lbs.): four hundred and seventy-six dollars (\$476);
15 (xx) More than thirty-six thousand pounds (36,000 lbs.), but not more than thirty-eight
16 thousand pounds (38,000 lbs.): five hundred and two dollars (\$502);
17 (xxi) More than thirty-eight thousand pounds (38,000 lbs.), but not more than forty
18 thousand pounds (40,000 lbs.): five hundred and twenty-eight dollars (\$528);
19 (xxii) More than forty thousand pounds (40,000 lbs.), but not more than forty-two thousand
20 pounds (42,000 lbs.): five hundred and fifty-four dollars (\$554);
21 (xxiii) More than forty-two thousand pounds (42,000 lbs.), but not more than forty-six
22 thousand pounds (46,000 lbs.): six hundred and eight dollars (\$608);
23 (xxiv) More than forty-six thousand pounds (46,000 lbs.), but not more than fifty thousand
24 pounds (50,000 lbs.): six hundred and sixty dollars (\$660);
25 (xxv) More than fifty thousand pounds (50,000 lbs.), but not more than fifty-four thousand
26 pounds (54,000 lbs.): seven hundred and twelve dollars (\$712);
27 (xxvi) More than fifty-four thousand pounds (54,000 lbs.), but not more than fifty-eight
28 thousand pounds (58,000 lbs.): seven hundred and sixty-eight dollars (\$768);
29 (xxvii) More than fifty-eight thousand pounds (58,000 lbs.), but not more than sixty-two
30 thousand pounds (62,000 lbs.): eight hundred and sixteen dollars (\$816);
31 (xxviii) More than sixty-two thousand pounds (62,000 lbs.), but not more than sixty-six
32 thousand pounds (66,000 lbs.): eight hundred and seventy-six dollars (\$876);
33 (xxix) More than sixty-six thousand pounds (66,000 lbs.), but not more than seventy
34 thousand pounds (70,000 lbs.): nine hundred and twenty-four dollars (\$924);

1 (xxx) More than seventy thousand pounds (70,000 lbs.), but not more than seventy-four
2 thousand pounds (74,000 lbs.): nine hundred and seventy-two dollars (\$972);

3 (xxxi) Over seventy-four thousand pounds (74,000 lbs.): nine hundred and seventy-two
4 dollars (\$972), plus twenty-four dollars (\$24.00) per two thousand pounds (2,000 lbs.) gross
5 weight.

6 ~~(3)~~(4) For the registration of every semi-trailer to be used with a truck-tractor, as defined
7 in § 31-1-4(d), shall be as follows: an annual fee of twelve dollars (\$12.00) for a one-year
8 registration; for multi-year registrations the fee of fifty dollars (\$50.00) for a five-year (5)
9 registration; and eighty dollars (\$80.00) for an eight-year (8) registration. However, when in use,
10 the weight of the resulting semi-trailer unit and its maximum carrying capacity shall not exceed the
11 gross weight of the original semi-trailer unit from which the gross weight of the tractor was
12 determined. A registration certificate and registration plate shall be issued for each semi-trailer so
13 registered. There shall be no refund of payment of such fee, except that when a plate is returned
14 prior to ninety (90) days before the effective date of that year's registration, the pro rate amount,
15 based on the unused portion of the multi-year registration plate period at time of surrender, shall be
16 refunded. A multi-year semi-trailer registration may be transferred to another semi-trailer subject
17 to the provisions and fee set forth in § 31-6-11. Thirty percent (30%) of the semi-trailer registration
18 fee shall be retained by the division of motor vehicles to defray the costs of implementation of the
19 international registration plan (IRP) and fleet registration section.

20 ~~(4)~~(5) For the registration of every automobile, motor truck, or tractor when equipped with
21 other than pneumatic tires, there shall be added to the above gross weight fees a charge of ten cents
22 (10¢) for each one hundred pounds (100 lbs.) of gross weight.

23 ~~(5)~~(6) For the registration of every public bus, the rates provided for motor vehicles for
24 hire plus two dollars (\$2.00) for each passenger that bus is rated to carry, the rating to be determined
25 by the administrator of the division of motor vehicles.

26 ~~(6)~~(7) For the registration of every motorcycle, or motor-driven cycle, thirteen dollars
27 (\$13.00). Three dollars (\$3.00) from that sum shall be turned over to the department of education
28 to assist in the payment of the cost of the motorcycle driver's education program as enumerated in
29 § 31-10.1-1.1.

30 ~~(7)~~(8) For the registration of every trailer, not including semi-trailers used with a truck-
31 tractor as defined in § 31-1-4(d), with a gross weight of three thousand pounds (3,000 lbs.) or less,
32 five dollars (\$5.00). Trailers with a gross weight of more than three thousand pounds (3,000 lbs.)
33 shall be assessed a registration fee of one dollar and fifty cents (\$1.50) per thousand pounds (1,000
34 lbs.).

1 ~~(8)~~(9) The annual registration fee for a motor vehicle, commonly described as a boxcar
2 and/or locomotive, and used only by La Societe Des 40 Hommes et 8 Chevaux for civic
3 demonstration, parades, convention purposes, or social welfare work, shall be two dollars (\$2.00).

4 ~~(9)~~(10) For the registration of every motor vehicle, trailer, or semi-trailer owned by any
5 department or agency of any city or town or district, provided the name of the city or town or
6 district or state department or agency owning the same shall be plainly printed on two (2) sides of
7 the vehicle, two dollars (\$2.00).

8 ~~(10)~~(11) For the registration of motor vehicles used for racing, fifteen dollars (\$15.00).

9 ~~(11)~~(12) For every duplicate registration certificate, seventeen dollars (\$17.00).

10 ~~(12)~~(13) For every certified copy of a registration certificate or application, ten dollars
11 (\$10.00).

12 ~~(13)~~(14) For every certificate assigning a special identification number or mark as provided
13 in § 31-3-37, one dollar (\$1.00).

14 ~~(14)~~(15) For every replacement of number plates or additional pair of number plates,
15 without changing the number, thirty dollars (\$30.00).

16 ~~(15)~~(16) For the registration of every farm vehicle, used in farming as provided in § 31-3-
17 31: ten dollars (\$10.00).

18 ~~(16)~~(17) For the registration of antique motor vehicles, five dollars (\$5.00).

19 ~~(17)~~(18) For the registration of a suburban vehicle, when used as a pleasure vehicle and the
20 gross weight of which is not more than four thousand pounds (4,000 lbs.), the same rates as charged
21 in subdivision (1) of this subsection shall be applicable and when used as a commercial vehicle and
22 the gross weight of which is not more than four thousand pounds (4,000 lbs.), the same rates as
23 provided in subdivision (2) of this subsection shall be applicable. The rates in subdivision (3) of
24 this subsection shall be applicable when the suburban vehicle has a gross weight of more than four
25 thousand pounds (4,000 lbs.), regardless of the use of the vehicle.

26 ~~(18)~~(19) For the registration of every motor bus that is used exclusively under contract with
27 a political subdivision or school district of the state for the transportation of school children, twenty-
28 five dollars (\$25); provided that the motor bus may also be used for the transportation of persons
29 to and from church and Sunday school services, and for the transportation of children to and from
30 educational or recreational projects sponsored by a city or town or by any association or
31 organization supported wholly or in part by public or private donations for charitable purposes,
32 without the payment of additional registration fee.

33 ~~(19)~~(20) For the registration of every motorized bicycle, ten dollars (\$10.00).

34 ~~(20)~~(21) For the registration of every motorized tricycle, ten dollars (\$10.00).

1 ~~(21)~~(22) For the replacement of number plates with a number change, twenty dollars
2 (\$20.00).

3 ~~(22)~~(23) For the initial issuance and each reissuance of fully reflective plates, as required
4 by §§ 31-3-10 and 31-3-32, an additional six dollars (\$6.00).

5 ~~(23)~~(24) For the issuance of a trip permit under the International Registration Plan, twenty-
6 five dollars (\$25.00) per vehicle. The division of motor vehicles is authorized to issue seventy-two-
7 hour (72) trip permits for vehicles required to be registered in the International Registration Plan
8 that have not been apportioned with the state of Rhode Island.

9 ~~(24)~~(25) For the issuance of a hunter's permit under the International Registration Plan,
10 twenty-five dollars (\$25.00) per vehicle. The division of motor vehicles is authorized to issue
11 hunter's permits for motor vehicles based in the state of Rhode Island and otherwise required to be
12 registered in the International Registration Plan. These permits are valid for thirty (30) days.

13 ~~(25)~~(26) For the registration of a specially adapted motor vehicle necessary to transport a
14 family member with a disability for personal, noncommercial use, a fee of thirty dollars (\$30.00)
15 assessed.

16 ~~(b) In the event that the registrant voluntarily cancels his or her registration within the~~
17 ~~period of registration, the division of motor vehicles shall refund only that portion of the fee paid~~
18 ~~that represents full year segments of the registration fee paid.~~

19 SECTION 4. Section 31-6-1.1 of the General Laws in Chapter 31-6 entitled "Registration
20 Fees" is hereby repealed.

21 ~~**31-6-1.1. Truck registration fees. [Effective July 1, 2017.]**~~

22 ~~(a) The following registration fees shall be paid to the division of motor vehicles for the~~
23 ~~registration of motor trucks and tractors as defined in § 31-1-4 subject to registration for each year~~
24 ~~of registration:~~

25 ~~(1) For the registration of every motor truck or tractor, when equipped with pneumatic tires,~~
26 ~~the gross weight of which is not more than four thousand pounds (4,000 lbs.), thirty four dollars~~
27 ~~(\$34.00):~~

28 ~~(2) For the registration of every motor truck or tractor, when equipped with pneumatic tires,~~
29 ~~the gross weight of which is:~~

30 ~~(i) More than four thousand pounds (4,000 lbs.), but not more than five thousand pounds~~
31 ~~(5,000 lbs.): forty dollars (\$40.00);~~

32 ~~(ii) More than five thousand pounds (5,000 lbs.), but not more than six thousand pounds~~
33 ~~(6,000 lbs.): forty eight dollars (\$48.00);~~

34 ~~(iii) More than six thousand pounds (6,000 lbs.), but not more than seven thousand pounds~~

- 1 ~~(7,000 lbs.): fifty six dollars (\$56.00);~~
- 2 ~~(iv) More than seven thousand pounds (7,000 lbs.), but not more than eight thousand~~
- 3 ~~pounds (8,000 lbs.): sixty four dollars (\$64.00);~~
- 4 ~~(v) More than eight thousand pounds (8,000 lbs.), but not more than nine thousand pounds~~
- 5 ~~(9,000 lbs.): seventy dollars (\$70.00);~~
- 6 ~~(vi) More than nine thousand pounds (9,000 lbs.), but not more than ten thousand pounds~~
- 7 ~~(10,000 lbs.): seventy eight dollars (\$78.00);~~
- 8 ~~(vii) More than ten thousand pounds (10,000 lbs.), but not more than twelve thousand~~
- 9 ~~pounds (12,000 lbs.): seventy eight dollars (\$78);~~
- 10 ~~(viii) More than twelve thousand pounds (12,000 lbs.), but not more than fourteen thousand~~
- 11 ~~pounds (14,000 lbs.): ninety two dollars (\$92);~~
- 12 ~~(ix) More than fourteen thousand pounds (14,000 lbs.), but not more than sixteen thousand~~
- 13 ~~pounds (16,000 lbs.): ninety two dollars (\$92);~~
- 14 ~~(x) More than sixteen thousand pounds (16,000 lbs.), but not more than eighteen thousand~~
- 15 ~~pounds (18,000 lbs.): one hundred four dollars (\$104);~~
- 16 ~~(xi) More than eighteen thousand pounds (18,000 lbs.), but not more than twenty thousand~~
- 17 ~~pounds (20,000 lbs.): one hundred nine dollars (\$109);~~
- 18 ~~(xii) More than twenty thousand pounds (20,000 lbs.), but not more than twenty two~~
- 19 ~~thousand pounds (22,000 lbs.): one hundred twenty dollars (\$120);~~
- 20 ~~(xiii) More than twenty two thousand pounds (22,000 lbs.), but not more than twenty four~~
- 21 ~~thousand pounds (24,000 lbs.): one hundred thirty dollars (\$130);~~
- 22 ~~(xiv) More than twenty four thousand pounds (24,000 lbs.), but not more than twenty six~~
- 23 ~~thousand pounds (26,000 lbs.): one hundred forty three dollars (\$143);~~
- 24 ~~(xv) More than twenty six thousand pounds (26,000 lbs.), but not more than twenty eight~~
- 25 ~~thousand pounds (28,000 lbs.): one hundred forty eight dollars (\$148);~~
- 26 ~~(xvi) More than twenty eight thousand pounds (28,000 lbs.), but not more than thirty~~
- 27 ~~thousand pounds (30,000 lbs.): one hundred fifty eight dollars (\$158);~~
- 28 ~~(xvii) More than thirty thousand pounds (30,000 lbs.), but not more than thirty two~~
- 29 ~~thousand pounds (32,000 lbs.): two hundred and eleven dollars (\$211);~~
- 30 ~~(xviii) More than thirty two thousand pounds (32,000 lbs.), but not more than thirty four~~
- 31 ~~thousand pounds (34,000 lbs.): two hundred and twenty four dollars (\$224);~~
- 32 ~~(xix) More than thirty four thousand pounds (34,000 lbs.), but not more than thirty six~~
- 33 ~~thousand pounds (36,000 lbs.): two hundred and thirty eight dollars (\$238);~~
- 34 ~~(xx) More than thirty six thousand pounds (36,000 lbs.), but not more than thirty eight~~

1 ~~thousand pounds (38,000 lbs.): two hundred and fifty one dollars (\$251);~~
2 ~~(xxi) More than thirty eight thousand pounds (38,000 lbs.), but not more than forty~~
3 ~~thousand pounds (40,000 lbs.): two hundred and sixty four dollars (\$264);~~
4 ~~(xxii) More than forty thousand pounds (40,000 lbs.), but not more than forty two thousand~~
5 ~~pounds (42,000 lbs.): two hundred and seventy seven dollars (\$277);~~
6 ~~(xxiii) More than forty two thousand pounds (42,000 lbs.), but not more than forty six~~
7 ~~thousand pounds (46,000 lbs.): three hundred and four dollars (\$304);~~
8 ~~(xxiv) More than forty six thousand pounds (46,000 lbs.), but not more than fifty thousand~~
9 ~~pounds (50,000 lbs.): three hundred and thirty dollars (\$330);~~
10 ~~(xxv) More than fifty thousand pounds (50,000 lbs.), but not more than fifty four thousand~~
11 ~~pounds (54,000 lbs.): three hundred and fifty six dollars (\$356);~~
12 ~~(xxvi) More than fifty four thousand pounds (54,000 lbs.), but not more than fifty eight~~
13 ~~thousand pounds (58,000 lbs.): three hundred and eighty four dollars (\$384);~~
14 ~~(xxvii) More than fifty eight thousand pounds (58,000 lbs.), but not more than sixty two~~
15 ~~thousand pounds (62,000 lbs.): four hundred and eight dollars (\$408);~~
16 ~~(xxviii) More than sixty two thousand pounds (62,000 lbs.), but not more than sixty six~~
17 ~~thousand pounds (66,000 lbs.): four hundred and thirty eight dollars (\$438);~~
18 ~~(xxix) More than sixty six thousand pounds (66,000 lbs.), but not more than seventy~~
19 ~~thousand pounds (70,000 lbs.): four hundred and sixty two dollars (\$462);~~
20 ~~(xxx) More than seventy thousand pounds (70,000 lbs.), but not more than seventy two~~
21 ~~thousand pounds (72,000 lbs.): four hundred and eighty six dollars (\$486);~~
22 ~~(xxxi) More than seventy two thousand pounds (72,000 lbs.), but not more than seventy~~
23 ~~four thousand pounds (74,000 lbs.): four hundred ninety eight dollars (\$498);~~
24 ~~(xxxii) More than seventy four thousand pounds (74,000 lbs.), but not more than seventy~~
25 ~~six thousand pounds (76,000 lbs.): five hundred ten dollars (\$510);~~
26 ~~(xxxiii) More than seventy six thousand pounds (76,000 lbs.), but not more than seventy~~
27 ~~eight thousand pounds (78,000 lbs.): five hundred twenty two dollars (\$522);~~
28 ~~(xxxiv) More than seventy eight thousand pounds (78,000 lbs.), but not more than eighty~~
29 ~~thousand pounds (80,000 lbs.): five hundred thirty four dollars (\$534);~~
30 ~~(xxxv) More than eighty thousand pounds (80,000 lbs.), but not more than eighty two~~
31 ~~thousand pounds (82,000 lbs.): five hundred forty six dollars (\$546);~~
32 ~~(xxxvi) More than eighty two thousand pounds (82,000 lbs.), but not more than eighty~~
33 ~~four thousand pounds (84,000 lbs.): five hundred fifty eight dollars (\$558);~~
34 ~~(xxxvii) More than eighty four thousand pounds (84,000 lbs.), but not more than eighty~~

1 ~~six thousand pounds (86,000 lbs.): five hundred seventy dollars (\$570);~~
2 ~~(xxxviii) More than eighty six thousand pounds (86,000 lbs.), but not more than eighty-~~
3 ~~eight thousand pounds (88,000 lbs.): five hundred eighty two dollars (\$582);~~
4 ~~(xxxix) More than eighty eight thousand pounds (88,000 lbs.), but not more than ninety~~
5 ~~thousand pounds (90,000 lbs.): five hundred ninety four dollars (\$594);~~
6 ~~(xl) More than ninety thousand pounds (90,000 lbs.), but not more than ninety two~~
7 ~~thousand pounds (92,000 lbs.): six hundred six dollars (\$606);~~
8 ~~(xli) More than ninety two thousand pounds (92,000 lbs.), but not more than ninety four~~
9 ~~thousand pounds (94,000 lbs.): six hundred eighteen dollars (\$618);~~
10 ~~(xlii) More than ninety four thousand pounds (94,000 lbs.), but not more than ninety six~~
11 ~~thousand pounds (96,000 lbs.): six hundred thirty dollars (\$630);~~
12 ~~(xliii) More than ninety six thousand pounds (96,000 lbs.), but not more than ninety eight~~
13 ~~thousand pounds (98,000 lbs.): six hundred forty two dollars (\$642);~~
14 ~~(xliv) More than ninety eight thousand pounds (98,000 lbs.), but not more than one~~
15 ~~hundred thousand pounds (100,000 lbs.): six hundred fifty four dollars (\$654);~~
16 ~~(xlv) More than one hundred thousand pounds (100,000 lbs.), but not more than one~~
17 ~~hundred two thousand pounds (102,000 lbs.): six hundred sixty six dollars (\$666);~~
18 ~~(xlvi) More than one hundred two thousand pounds (102,000 lbs.), but not more than one~~
19 ~~hundred four thousand pounds (104,000 lbs.): six hundred seventy eight dollars (\$678);~~
20 ~~(xlvii) Over one hundred four thousand pounds (104,000 lbs.): six hundred and ninety~~
21 ~~dollars (\$690), plus twelve dollars (\$12) per two thousand pounds (2,000 lbs.) gross weight.~~
22 ~~(3) For the registration of every motor truck or tractor owned by any department or agency~~
23 ~~of any city or town or district, provided the name of the city or town or district or state department~~
24 ~~or agency owning the same shall be plainly printed on two (2) sides of the vehicle, two dollars~~
25 ~~(\$2.00).~~
26 ~~(4) For the replacement of number plates with a number change, twenty dollars (\$20.00).~~
27 ~~(5) For the initial issuance and each reissuance of fully reflective plates as required by §§~~
28 ~~31-3-10 and 31-3-32, an additional six dollars (\$6.00).~~
29 ~~(6) For the issuance of a trip permit under the International Registration Plan, twenty five~~
30 ~~dollars (\$25.00) per vehicle. The division of motor vehicles is authorized to issue seventy two hour~~
31 ~~(72) trip permits for vehicles required to be registered in the International Registration Plan that~~
32 ~~have not been apportioned with the state of Rhode Island.~~
33 ~~(7) For the registration of every motor truck or tractor, when equipped with other than~~
34 ~~pneumatic tires, there shall be added to the above gross weight fees a charge of ten cents (\$.10) for~~

1 ~~each one hundred pounds (100 lbs.) of gross weight.~~

2 ~~(8) For every duplicate registration certificate, seventeen dollars (\$17.00).~~

3 ~~(9) For every certified copy of a registration certificate or application, ten dollars (\$10.00).~~

4 ~~(10) For every certificate assigning a special identification number or mark as provided in~~
5 ~~§ 31-3-37, one dollar (\$1.00).~~

6 ~~(11) For every replacement of number plates or additional pair of number plates, without~~
7 ~~changing the number, thirty dollars (\$30.00).~~

8 ~~(b) In the event that the registrant voluntarily cancels his or her registration within the~~
9 ~~period of registration, the division of motor vehicles shall refund only that portion of the fee paid~~
10 ~~which represents full year segments of the registration fee paid.~~

11 SECTION 5. Section 39-18.1-4 of the General Laws in Chapter 39-18.1 entitled
12 "Transportation Investment and Debt Reduction Act of 2011" is hereby amended to read as follows:

13 **39-18.1-4. Rhode Island highway maintenance account created.**

14 (a) There is hereby created a special account in the intermodal surface transportation fund
15 as established in section 31-36-20 that is to be known as the Rhode Island highway maintenance
16 account. (b) The fund shall consist of all those moneys which the state may from time to time
17 direct to the fund, including, not necessarily limited to, moneys derived from the following sources:

18 (1) There is imposed a surcharge of thirty dollars (\$30.00) per vehicle or truck, other than those
19 with specific registrations set forth below in subsection (b)(1)(i). Such surcharge shall be paid by
20 each vehicle or truck owner in order to register that owner's vehicle or truck and upon each
21 subsequent biennial registration. This surcharge shall be phased in at the rate of ten dollars (\$10.00)
22 each year. The total surcharge will be ten dollars (\$10.00) from July 1, 2013 through June 30, 2014,
23 twenty dollars (\$20.00) from July 1, 2014 through June 30, 2015, and thirty dollars (\$30.00) from
24 July 1, 2015 through June 30, 2016 and each year thereafter. (i) For owners of vehicles or trucks
25 with the following plate types, the surcharge shall be as set forth below and shall be paid in full in
26 order to register the vehicle or truck and upon each subsequent renewal:

Plate Type	Surcharge
Antique	\$5.00
Farm	\$10.00
Motorcycle	\$13.00

31 (ii) For owners of trailers, the surcharge shall be one-half (1/2) of the biennial registration
32 amount and shall be paid in full in order to register the trailer and upon each subsequent renewal.

33 (2) There is imposed a surcharge of fifteen dollars (\$15.00) per vehicle or truck, other than those
34 with specific registrations set forth in subsection (b)(2)(i) below, for those vehicles or trucks subject

1 to annual registration, to be paid annually by each vehicle or truck owner in order to register that
2 owner's vehicle, trailer or truck and upon each subsequent annual registration. This surcharge will
3 be phased in at the rate of five dollars (\$5.00) each year. The total surcharge will be five dollars
4 (\$5.00) from July 1, 2013 through June 30, 2014, ten dollars (\$10.00) from July 1, 2014 through
5 June 30, 2015, and fifteen dollars (\$15.00) from July 1, 2015 through June 30, 2016 and each year
6 thereafter.

7 (i) For registrations of the following plate types, the surcharge shall be as set forth below
8 and shall be paid in full in order to register the plate, and upon each subsequent renewal:

9 Plate Type	Surcharge
10 Boat Dealer	\$6.25
11 Cycle Dealer	\$6.25
12 In-transit	\$5.00
13 Manufacturer	\$5.00
14 New Car Dealer	\$5.00
15 Used Car Dealer	\$5.00
16 Racer Tow	\$5.00
17 Transporter	\$5.00
18 Bailee	\$5.00

19 (ii) For owners of trailers, the surcharge shall be one-half (1/2) of the annual registration
20 amount and shall be paid in full in order to register the trailer and upon each subsequent renewal.

21 (iii) For owners of school buses, the surcharge will be phased in at the rate of six dollars
22 and twenty-five cents (\$6.25) each year. The total surcharge will be six dollars and twenty-five
23 cents (\$6.25) from July 1, 2013 through June 30, 2014 and twelve dollars and fifty cents (\$12.50)
24 from July 1, 2014 through June 30, 2015 and each year thereafter.

25 (3) There is imposed a surcharge of thirty dollars (\$30.00) per license to operate a motor
26 vehicle to be paid every five (5) years by each licensed operator of a motor vehicle. This surcharge
27 will be phased in at the rate of ten dollars (\$10.00) each year. The total surcharge will be ten dollars
28 (\$10.00) from July 1, 2013 through June 30, 2014, twenty dollars (\$20.00) from July 1, 2014
29 through June 30, 2015, and thirty dollars (\$30.00) from July 1, 2015 through June 30, 2016 and
30 each year thereafter. In the event that a license is issued or renewed for a period of less than five
31 (5) years, the surcharge will be prorated according to the period of time the license will be valid.

32 (c) All funds collected pursuant to this section shall be deposited in the Rhode Island
33 highway maintenance account and shall be used only for the purposes set forth in this chapter.

34 (d) Unexpended balances and any earnings thereon shall not revert to the general fund but

1 shall remain in the Rhode Island highway maintenance account. There shall be no requirement that
2 monies received into the Rhode Island highway maintenance account during any given calendar
3 year or fiscal year be expended during the same calendar year or fiscal year.

4 (e) The Rhode Island highway maintenance account shall be administered by the director,
5 who shall allocate and spend monies from the fund only in accordance with the purposes and
6 procedures set forth in this chapter.

7 (4) All fees assessed pursuant to § 31-47.1-11, and chapters 3, 6, 10, and 10.1 of title 31
8 shall be deposited into the Rhode Island highway maintenance account, provided that for fiscal
9 years 2016, 2017 and 2018 these fees be transferred as follows:

10 (i) From July 1, 2015 through June 30, 2016, twenty-five percent (25%) will be deposited;

11 (ii) From July 1, 2016 through June 30, 2017, ~~seventy-five percent (75%)~~ fifty percent
12 (50%) will be deposited; and

13 (iii) From July 1, 2017 ~~and each year thereafter, one hundred percent (100%)~~ eighty percent
14 (80%) will be deposited;

15 (iv) From July 1, 2018, and each year thereafter, one hundred percent (100%) will be
16 deposited;

17 (5) All remaining funds from previous general obligation bond issues that have not
18 otherwise been allocated.

19 SECTION 6. Section 39-18.1-5 of the General Laws in Chapter 39-18.1 entitled
20 "Transportation Investment and Debt Reduction Act of 2011" is hereby amended to read as follows:

21 **39-18.1-5. Allocation of funds.**

22 (a) The monies in the highway maintenance fund to be directed to the department of
23 transportation pursuant to subdivision (a)(1) of this section shall be allocated through the
24 transportation improvement program process to provide the state match for federal transportation
25 funds, in place of borrowing, as approved by the state planning council. The expenditure of moneys
26 in the highway maintenance fund shall only be authorized for projects that appear in the state's
27 transportation improvement program.

28 (b) Provided however, that beginning with fiscal year 2015 and annually thereafter, the
29 department of transportation will allocate necessary funding to programs that are designed to
30 eliminate structural deficiencies of the state's bridge, road and maintenance systems and
31 infrastructure.

32 (c) Provided further that beginning July 1, 2015, five percent (5%) of available proceeds
33 in the Rhode Island highway maintenance account shall be allocated annually to the Rhode Island
34 public transit authority for operating expenditures.

1 (d) Provided further that from July 1, 2017 through June 30, 2019, in addition to the amount
2 above, the Rhode Island public transit authority shall receive an amount of not less than five million
3 dollars (\$5,000,000) each fiscal year.

4 (e) Provided further that the Rhode Island public transit authority shall convene a
5 coordinating council consisting of those state agencies responsible for meeting the needs of low-
6 income seniors and persons with disabilities, along with those stakeholders that the authority deems
7 appropriate and are necessary to inform, develop, and implement the federally-required
8 Coordinated Public Transit Human Services Transportation Plan.

9 The council shall develop, as part of the state's federally-required plan, recommendations
10 for the appropriate and sustainable funding of the free-fare program for low-income seniors and
11 persons with disabilities, while maximizing the use of federal funds available to support the
12 transportation needs of this population.

13 The council shall report these recommendations to the Governor, the Speaker of the House
14 of Representatives, and the President of the Senate, no later than November 1, 2018.

15 SECTION 7. Section 4 of this article shall take upon passage. The remainder of this article
16 shall take effect as of July 1, 2017.

17

ARTICLE 5 AS AMENDED

RELATING TO GOVERNMENT REORGANIZATION

SECTION 1. Chapter 23-17.12 of the General Laws entitled "Health Care Services - Utilization Review Act" is hereby repealed in its entirety.

~~CHAPTER 23-17.12~~

~~Health Care Services—Utilization Review Act~~

~~**23-17.12-1. Purpose of chapter.**~~

~~The purpose of the chapter is to:~~

~~(1) Promote the delivery of quality health care in a cost effective manner;~~

~~(2) Foster greater coordination between health care providers, patients, payors and utilization review entities;~~

~~(3) Protect patients, businesses, and providers by ensuring that review agents are qualified to perform utilization review activities and to make informed decisions on the appropriateness of medical care; and~~

~~(4) Ensure that review agents maintain the confidentiality of medical records in accordance with applicable state and federal laws.~~

~~**23-17.12-2. Definitions.**~~

~~As used in this chapter, the following terms are defined as follows:~~

~~(1) "Adverse determination" means a utilization review decision by a review agent not to authorize a health care service. A decision by a review agent to authorize a health care service in an alternative setting, a modified extension of stay, or an alternative treatment shall not constitute an adverse determination if the review agent and provider are in agreement regarding the decision. Adverse determinations include decisions not to authorize formulary and nonformulary medication.~~

~~(2) "Appeal" means a subsequent review of an adverse determination upon request by a patient or provider to reconsider all or part of the original decision.~~

~~(3) "Authorization" means the review agent's utilization review, performed according to subsection 23-17.12-2(20), concluded that the allocation of health care services of a provider, given or proposed to be given to a patient was approved or authorized.~~

~~(4) "Benefit determination" means a decision of the enrollee's entitlement to payment for covered health care services as defined in an agreement with the payor or its delegate.~~

1 ~~(5) "Certificate" means a certificate of registration granted by the director to a review agent.~~

2 ~~(6) "Complaint" means a written expression of dissatisfaction by a patient, or provider. The~~
3 ~~appeal of an adverse determination is not considered a complaint.~~

4 ~~(7) "Concurrent assessment" means an assessment of the medical necessity and/or~~
5 ~~appropriateness of health care services conducted during a patient's hospital stay or course of~~
6 ~~treatment. If the medical problem is ongoing, this assessment may include the review of services~~
7 ~~after they have been rendered and billed. This review does not mean the elective requests for~~
8 ~~clarification of coverage or claims review or a provider's internal quality assurance program except~~
9 ~~if it is associated with a health care financing mechanism.~~

10 ~~(8) "Department" means the department of health.~~

11 ~~(9) "Director" means the director of the department of health.~~

12 ~~(10) "Emergent health care services" has the same meaning as that meaning contained in~~
13 ~~the rules and regulations promulgated pursuant to chapter 12.3 of title 42 as may be amended from~~
14 ~~time to time and includes those resources provided in the event of the sudden onset of a medical,~~
15 ~~mental health, or substance abuse or other health care condition manifesting itself by acute~~
16 ~~symptoms of a severity (e.g. severe pain) where the absence of immediate medical attention could~~
17 ~~reasonably be expected to result in placing the patient's health in serious jeopardy, serious~~
18 ~~impairment to bodily or mental functions, or serious dysfunction of any body organ or part.~~

19 ~~(11) "Patient" means an enrollee or participant in all hospital or medical plans seeking~~
20 ~~health care services and treatment from a provider.~~

21 ~~(12) "Payor" means a health insurer, self-insured plan, nonprofit health service plan, health~~
22 ~~insurance service organization, preferred provider organization, health maintenance organization~~
23 ~~or other entity authorized to offer health insurance policies or contracts or pay for the delivery of~~
24 ~~health care services or treatment in this state.~~

25 ~~(13) "Practitioner" means any person licensed to provide or otherwise lawfully providing~~
26 ~~health care services, including, but not limited to, a physician, dentist, nurse, optometrist, podiatrist,~~
27 ~~physical therapist, clinical social worker, or psychologist.~~

28 ~~(14) "Prospective assessment" means an assessment of the medical necessity and/or~~
29 ~~appropriateness of health care services prior to services being rendered.~~

30 ~~(15) "Provider" means any health care facility, as defined in § 23-17-2 including any mental~~
31 ~~health and/or substance abuse treatment facility, physician, or other licensed practitioners identified~~
32 ~~to the review agent as having primary responsibility for the care, treatment, and services rendered~~
33 ~~to a patient.~~

34 ~~(16) "Retrospective assessment" means an assessment of the medical necessity and/or~~

1 ~~appropriateness of health care services that have been rendered. This shall not include reviews~~
2 ~~conducted when the review agency has been obtaining ongoing information.~~

3 ~~(17) "Review agent" means a person or entity or insurer performing utilization review that~~
4 ~~is either employed by, affiliated with, under contract with, or acting on behalf of:~~

5 ~~(i) A business entity doing business in this state;~~

6 ~~(ii) A party that provides or administers health care benefits to citizens of this state,~~
7 ~~including a health insurer, self-insured plan, non-profit health service plan, health insurance service~~
8 ~~organization, preferred provider organization or health maintenance organization authorized to~~
9 ~~offer health insurance policies or contracts or pay for the delivery of health care services or~~
10 ~~treatment in this state; or~~

11 ~~(iii) A provider.~~

12 ~~(18) "Same or similar specialty" means a practitioner who has the appropriate training and~~
13 ~~experience that is the same or similar as the attending provider in addition to experience in treating~~
14 ~~the same problems to include any potential complications as those under review.~~

15 ~~(19) "Urgent health care services" has the same meaning as that meaning contained in the~~
16 ~~rules and regulations promulgated pursuant to chapter 12.3 of title 42 as may be amended from~~
17 ~~time to time and includes those resources necessary to treat a symptomatic medical, mental health,~~
18 ~~or substance abuse or other health care condition requiring treatment within a twenty-four (24) hour~~
19 ~~period of the onset of such a condition in order that the patient's health status not decline as a~~
20 ~~consequence. This does not include those conditions considered to be emergent health care services~~
21 ~~as defined in subdivision (10).~~

22 ~~(20) "Utilization review" means the prospective, concurrent, or retrospective assessment~~
23 ~~of the necessity and/or appropriateness of the allocation of health care services of a provider, given~~
24 ~~or proposed to be given to a patient. Utilization review does not include:~~

25 ~~(i) Elective requests for the clarification of coverage; or~~

26 ~~(ii) Benefit determination; or~~

27 ~~(iii) Claims review that does not include the assessment of the medical necessity and~~
28 ~~appropriateness; or~~

29 ~~(iv) A provider's internal quality assurance program except if it is associated with a health~~
30 ~~care financing mechanism; or~~

31 ~~(v) The therapeutic interchange of drugs or devices by a pharmacy operating as part of a~~
32 ~~licensed inpatient health care facility; or~~

33 ~~(vi) The assessment by a pharmacist licensed pursuant to the provisions of chapter 19 of~~
34 ~~title 5 and practicing in a pharmacy operating as part of a licensed inpatient health care facility in~~

1 ~~the interpretation, evaluation and implementation of medical orders, including assessments and/or~~
2 ~~comparisons involving formularies and medical orders.~~

3 ~~(21) "Utilization review plan" means a description of the standards governing utilization~~
4 ~~review activities performed by a private review agent.~~

5 ~~(22) "Health care services" means and includes an admission, diagnostic procedure,~~
6 ~~therapeutic procedure, treatment, extension of stay, the ordering and/or filling of formulary or~~
7 ~~nonformulary medications, and any other services, activities, or supplies that are covered by the~~
8 ~~patient's benefit plan.~~

9 ~~(23) "Therapeutic interchange" means the interchange or substitution of a drug with a~~
10 ~~dissimilar chemical structure within the same therapeutic or pharmacological class that can be~~
11 ~~expected to have similar outcomes and similar adverse reaction profiles when given in equivalent~~
12 ~~doses, in accordance with protocols approved by the president of the medical staff or medical~~
13 ~~director and the director of pharmacy.~~

14 **23-17.12-3. General certificate requirements.**

15 ~~(a) A review agent shall not conduct utilization review in the state unless the department~~
16 ~~has granted the review agent a certificate.~~

17 ~~(b) Individuals shall not be required to hold separate certification under this chapter when~~
18 ~~acting as either an employee of, an affiliate of, a contractor for, or otherwise acting on behalf of a~~
19 ~~certified review agent.~~

20 ~~(c) The department shall issue a certificate to an applicant that has met the minimum~~
21 ~~standards established by this chapter, and regulations promulgated in accordance with it, including~~
22 ~~the payment of any fees as required, and other applicable regulations of the department.~~

23 ~~(d) A certificate issued under this chapter is not transferable, and the transfer of fifty percent~~
24 ~~(50%) or more of the ownership of a review agent shall be deemed a transfer.~~

25 ~~(e) After consultation with the payors and providers of health care, the department shall~~
26 ~~adopt regulations necessary to implement the provisions of this chapter.~~

27 ~~(f) The director of health is authorized to establish any fees for initial application, renewal~~
28 ~~applications, and any other administrative actions deemed necessary by the director to implement~~
29 ~~this chapter.~~

30 ~~(g) The total cost of certification under this title shall be borne by the certified entities and~~
31 ~~shall be one hundred and fifty percent (150%) of the total salaries paid to the certifying personnel~~
32 ~~of the department engaged in those certifications less any salary reimbursements and shall be paid~~
33 ~~to the director to and for the use of the department. That assessment shall be in addition to any taxes~~
34 ~~and fees otherwise payable to the state.~~

1 ~~(h) The application and other fees required under this chapter shall be sufficient to pay for~~
2 ~~the administrative costs of the certificate program and any other reasonable costs associated with~~
3 ~~carrying out the provisions of this chapter.~~

4 ~~(i) A certificate expires on the second anniversary of its effective date unless the certificate~~
5 ~~is renewed for a two (2) year term as provided in this chapter.~~

6 ~~(j) Any systemic changes in the review agents operations relative to certification~~
7 ~~information on file shall be submitted to the department for approval within thirty (30) days prior~~
8 ~~to implementation.~~

9 ~~**23-17.12-4. Application process:**~~

10 ~~(a) An applicant requesting certification or recertification shall:~~

11 ~~(1) Submit an application provided by the director; and~~

12 ~~(2) Pay the application fee established by the director through regulation and § 23-17.12-~~
13 ~~3(f).~~

14 ~~(b) The application shall:~~

15 ~~(1) Be on a form and accompanied by supporting documentation that the director requires;~~
16 ~~and~~

17 ~~(2) Be signed and verified by the applicant.~~

18 ~~(c) Before the certificate expires, a certificate may be renewed for an additional two (2)~~
19 ~~years.~~

20 ~~(d) If a completed application for recertification is being processed by the department, a~~
21 ~~certificate may be continued until a renewal determination is made.~~

22 ~~(e) In conjunction with the application, the review agent shall submit information that the~~
23 ~~director requires including:~~

24 ~~(1) A request that the state agency regard specific portions of the standards and criteria or~~
25 ~~the entire document to constitute "trade secrets" within the meaning of that term in § 38-2-~~
26 ~~2(4)(i)(B);~~

27 ~~(2) The policies and procedures to ensure that all applicable state and federal laws to protect~~
28 ~~the confidentiality of individual medical records are followed;~~

29 ~~(3) A copy of the materials used to inform enrollees of the requirements under the health~~
30 ~~benefit plan for seeking utilization review or pre-certification and their rights under this chapter,~~
31 ~~including information on appealing adverse determinations;~~

32 ~~(4) A copy of the materials designed to inform applicable patients and providers of the~~
33 ~~requirements of the utilization review plan;~~

34 ~~(5) A list of the third party payors and business entities for which the review agent is~~

1 ~~performing utilization review in this state and a brief description of the services it is providing for~~
2 ~~each client; and~~

3 ~~(6) Evidence of liability insurance or of assets sufficient to cover potential liability;~~

4 ~~(f) The information provided must demonstrate that the review agent will comply with the~~
5 ~~regulations adopted by the director under this chapter.~~

6 **23-17.12-5. General application requirements.**

7 ~~An application for certification or recertification shall be accompanied by documentation~~
8 ~~to evidence the following:~~

9 ~~(1) The requirement that the review agent provide patients and providers with a summary~~
10 ~~of its utilization review plan including a summary of the standards, procedures and methods to be~~
11 ~~used in evaluating proposed or delivered health care services;~~

12 ~~(2) The circumstances, if any, under which utilization review may be delegated to any other~~
13 ~~utilization review program and evidence that the delegated agency is a certified utilization review~~
14 ~~agency delegated to perform utilization review pursuant to all of the requirements of this chapter;~~

15 ~~(3) A complaint resolution process consistent with subsection 23-17.12-2(6) and~~
16 ~~acceptable to the department, whereby patients, their physicians, or other health care providers may~~
17 ~~seek resolution of complaints and other matters of which the review agent has received written~~
18 ~~notice;~~

19 ~~(4) The type and qualifications of personnel (employed or under contract) authorized to~~
20 ~~perform utilization review, including a requirement that only a practitioner with the same license~~
21 ~~status as the ordering practitioner, or a licensed physician or dentist, is permitted to make a~~
22 ~~prospective or concurrent adverse determination;~~

23 ~~(5) The requirement that a representative of the review agent is reasonably accessible to~~
24 ~~patients, patient's family and providers at least five (5) days a week during normal business in~~
25 ~~Rhode Island and during the hours of the agency's review operations;~~

26 ~~(6) The policies and procedures to ensure that all applicable state and federal laws to protect~~
27 ~~the confidentiality of individual medical records are followed;~~

28 ~~(7) The policies and procedures regarding the notification and conduct of patient interviews~~
29 ~~by the review agent;~~

30 ~~(8) The requirement that no employee of, or other individual rendering an adverse~~
31 ~~determination for, a review agent may receive any financial incentives based upon the number of~~
32 ~~denials of certification made by that employee or individual;~~

33 ~~(9) The requirement that the utilization review agent shall not impede the provision of~~
34 ~~health care services for treatment and/or hospitalization or other use of a provider's services or~~

1 ~~facilities for any patient;~~

2 ~~(10) Evidence that the review agent has not entered into a compensation agreement or~~
3 ~~contract with its employees or agents whereby the compensation of its employees or its agents is~~
4 ~~based upon a reduction of services or the charges for those services, the reduction of length of stay,~~
5 ~~or utilization of alternative treatment settings; provided, nothing in this chapter shall prohibit~~
6 ~~agreements and similar arrangements; and~~

7 ~~(11) An adverse determination and internal appeals process consistent with § 23-17.12-9~~
8 ~~and acceptable to the department, whereby patients, their physicians, or other health care providers~~
9 ~~may seek prompt reconsideration or appeal of adverse determinations by the review agent.~~

10 ~~**23-17.12-6. Denial, suspension, or revocation of certificate.**~~

11 ~~(a) The department may deny a certificate upon review of the application if, upon review~~
12 ~~of the application, it finds that the applicant proposing to conduct utilization review does not meet~~
13 ~~the standards required by this chapter or by any regulations promulgated pursuant to this chapter.~~

14 ~~(b) The department may revoke a certificate and/or impose reasonable monetary penalties~~
15 ~~not to exceed five thousand dollars (\$5,000) per violation in any case in which:~~

16 ~~(1) The review agent fails to comply substantially with the requirements of this chapter or~~
17 ~~of regulations adopted pursuant to this chapter;~~

18 ~~(2) The review agent fails to comply with the criteria used by it in its application for a~~
19 ~~certificate; or~~

20 ~~(3) The review agent refuses to permit examination by the director to determine compliance~~
21 ~~with the requirements of this chapter and regulations promulgated pursuant to the authority granted~~
22 ~~to the director in this chapter; provided, however, that the examination shall be subject to the~~
23 ~~confidentiality and "need to know" provisions of subdivisions 23-17.12-9(c)(4) and (5). These~~
24 ~~determinations may involve consideration of any written grievances filed with the department~~
25 ~~against the review agent by patients or providers.~~

26 ~~(c) Any applicant or certificate holder aggrieved by an order or a decision of the department~~
27 ~~made under this chapter without a hearing may, within thirty (30) days after notice of the order or~~
28 ~~decision, make a written request to the department for a hearing on the order or decision pursuant~~
29 ~~to § 42-35-15.~~

30 ~~(d) The procedure governing hearings authorized by this section shall be in accordance~~
31 ~~with §§ 42-35-9—42-35-13 as stipulated in § 42-35-14(a). A full and complete record shall be kept~~
32 ~~of all proceedings, and all testimony shall be recorded but need not be transcribed unless the~~
33 ~~decision is appealed pursuant to § 42-35-15. A copy or copies of the transcript may be obtained by~~
34 ~~any interested party upon payment of the cost of preparing the copy or copies. Witnesses may be~~

1 ~~subpoenaed by either party.~~

2 **23-17.12-7. Judicial review.**

3 ~~Any person who has exhausted all administrative remedies available to him or her within~~
4 ~~the department, and who is aggrieved by a final decision of the department under § 23-17.12-6, is~~
5 ~~entitled to judicial review pursuant to §§ 42-35-15 and 42-35-16.~~

6 **23-17.12-8. Waiver of requirements.**

7 ~~(a) Except for utilization review agencies performing utilization review activities to~~
8 ~~determine the necessity and/or appropriateness of substance abuse and mental health care, treatment~~
9 ~~or services, the department shall waive all the requirements of this chapter, with the exception of~~
10 ~~those contained in §§ 23-17.12-9, (a)(1)-(3), (5), (6), (8), (b)(1)-(6), and (c)(2)-(6), 23-17.12-12,~~
11 ~~and 23-17.12-14, for a review agent that has received, maintains and provides evidence to the~~
12 ~~department of accreditation from the utilization review accreditation commission (URAC) or other~~
13 ~~organization approved by the director. The waiver shall be applicable only to those services that~~
14 ~~are included under the accreditation by the utilization review accreditation commission or other~~
15 ~~approved organization.~~

16 ~~(b) The department shall waive the requirements of this chapter only when a direct conflict~~
17 ~~exists with those activities of a review agent that are conducted pursuant to contracts with the state~~
18 ~~or the federal government or those activities under other state or federal jurisdictions.~~

19 ~~(c) The limitation in subsection 23-17.12-8(b) notwithstanding, the department may waive~~
20 ~~or exempt all or part of the requirements of this chapter by mutual written agreement with a state~~
21 ~~department or agency when such waiver or exemption is determined to be necessary and~~
22 ~~appropriate to the administration of a health care related program. The department shall promulgate~~
23 ~~such regulations as deemed appropriate to implement this provision.~~

24 **23-17.12-8.1. Variance of statutory requirements.**

25 ~~(a) The department is authorized to issue a statutory variance from one or more of the~~
26 ~~specific requirements of this chapter to a review agent where it determines that such variance is~~
27 ~~necessary to permit the review agent to evaluate and address practitioner billing and practice~~
28 ~~patterns when the review agent believes in good faith that such patterns evidence the existence of~~
29 ~~fraud or abuse. Any variance issued by the department pursuant to this section shall be limited in~~
30 ~~application to those services billed directly by the practitioner. Prior to issuing a statutory variance~~
31 ~~the department shall provide notice and a public hearing to ensure necessary patient and health care~~
32 ~~provider protections in the process. Statutory variances shall be issued for a period not to exceed~~
33 ~~one year and may be subject to such terms and conditions deemed necessary by the department.~~

34 ~~(b) On or before January 15th of each year, the department shall issue a report to the general~~

1 assembly summarizing any review agent activity as a result of a waiver granted under the provisions
2 of this section.

3 ~~**23-17.12-9. Review agency requirement for adverse determination and internal**~~
4 ~~**appeals.**~~

5 (a) ~~The adverse determination and appeals process of the review agent shall conform to the~~
6 ~~following:~~

7 (1) ~~Notification of a prospective adverse determination by the review agent shall be mailed~~
8 ~~or otherwise communicated to the provider of record and to the patient or other appropriate~~
9 ~~individual as follows:~~

10 (i) ~~Within fifteen (15) business days of receipt of all the information necessary to complete~~
11 ~~a review of non-urgent and/or non-emergent services;~~

12 (ii) ~~Within seventy-two (72) hours of receipt of all the information necessary to complete~~
13 ~~a review of urgent and/or emergent services; and~~

14 (iii) ~~Prior to the expected date of service.~~

15 (2) ~~Notification of a concurrent adverse determination shall be mailed or otherwise~~
16 ~~communicated to the patient and to the provider of record period as follows:~~

17 (i) ~~To the provider(s) prior to the end of the current certified period; and~~

18 (ii) ~~To the patient within one business day of making the adverse determination.~~

19 (3) ~~Notification of a retrospective adverse determination shall be mailed or otherwise~~
20 ~~communicated to the patient and to the provider of record within thirty (30) business days of receipt~~
21 ~~of a request for payment with all supporting documentation for the covered benefit being reviewed.~~

22 (4) ~~A utilization review agency shall not retrospectively deny authorization for health care~~
23 ~~services provided to a covered person when an authorization has been obtained for that service~~
24 ~~from the review agent unless the approval was based upon inaccurate information material to the~~
25 ~~review or the health care services were not provided consistent with the provider's submitted plan~~
26 ~~of care and/or any restrictions included in the prior approval granted by the review agent.~~

27 (5) ~~Any notice of an adverse determination shall include:~~

28 (i) ~~The principal reasons for the adverse determination, to include explicit documentation~~
29 ~~of the criteria not met and/or the clinical rationale utilized by the agency's clinical reviewer in~~
30 ~~making the adverse determination. The criteria shall be in accordance with the agency criteria noted~~
31 ~~in subsection 23-17.12-9(d) and shall be made available within the first level appeal timeframe if~~
32 ~~requested unless otherwise provided as part of the adverse determination notification process;~~

33 (ii) ~~The procedures to initiate an appeal of the adverse determination, including the name~~
34 ~~and telephone number of the person to contract with regard to an appeal;~~

1 ~~(iii) The necessary contact information to complete the two-way direct communication~~
2 ~~defined in subdivision 23-17.12-9(a)(7); and~~

3 ~~(iv) The information noted in subdivision 23-27.12-9(a)(5)(i)(ii)(iii) for all verbal~~
4 ~~notifications followed by written notification to the patient and provider(s).~~

5 ~~(6) All initial retrospective adverse determinations of a health care service that had been~~
6 ~~ordered by a physician, dentist or other practitioner shall be made, documented and signed~~
7 ~~consistent with the regulatory requirements which shall be developed by the department with the~~
8 ~~input of review agents, providers and other affected parties.~~

9 ~~(7) A level one appeal decision of an adverse determination shall not be made until an~~
10 ~~appropriately qualified and licensed review physician, dentist or other practitioner has spoken to,~~
11 ~~or otherwise provided for, an equivalent two-way direct communication with the patient's attending~~
12 ~~physician, dentist, other practitioner, other designated or qualified professional or provider~~
13 ~~responsible for treatment of the patient concerning the medical care, with the exception of the~~
14 ~~following:~~

15 ~~(i) When the attending provider is not reasonably available;~~

16 ~~(ii) When the attending provider chooses not to speak with agency staff;~~

17 ~~(iii) When the attending provider has negotiated an agreement with the review agent for~~
18 ~~alternative care; and/or~~

19 ~~(iv) When the attending provider requests a peer to peer communication prior to the adverse~~
20 ~~determination, the review agency shall then comply with subdivision 23-17.12-9(e)(1) in~~
21 ~~responding to such a request. Such requests shall be on the case specific basis unless otherwise~~
22 ~~arranged for in advance by the provider.~~

23 ~~(8) All initial, prospective and concurrent adverse determinations of a health care service~~
24 ~~that had been ordered by a physician, dentist or other practitioner shall be made, documented and~~
25 ~~signed by a licensed practitioner with the same licensure status as the ordering practitioner or a~~
26 ~~licensed physician or dentist. This does not prohibit appropriately qualified review agency staff~~
27 ~~from engaging in discussions with the attending provider, the attending provider's designee or~~
28 ~~appropriate health care facility and office personnel regarding alternative service and treatment~~
29 ~~options. Such a discussion shall not constitute an adverse determination provided though that any~~
30 ~~change to the provider's original order and/or any decision for an alternative level of care must be~~
31 ~~made and/or appropriately consented to by the attending provider or the provider's designee~~
32 ~~responsible for treating the patient.~~

33 ~~(9) The requirement that, upon written request made by or on behalf of a patient, any~~
34 ~~adverse determination and/or appeal shall include the written evaluation and findings of the~~

1 ~~reviewing physician, dentist or other practitioner. The review agent is required to accept a verbal~~
2 ~~request made by or on behalf of a patient for any information where a provider or patient can~~
3 ~~demonstrate that a timely response is urgent.~~

4 ~~(b) The review agent shall conform to the following for the appeal of an adverse~~
5 ~~determination:~~

6 ~~(1) The review agent shall maintain and make available a written description of the appeal~~
7 ~~procedure by which either the patient or the provider of record may seek review of determinations~~
8 ~~not to authorize a health care service. The process established by each review agent may include a~~
9 ~~reasonable period within which an appeal must be filed to be considered and that period shall not~~
10 ~~be less than sixty (60) days.~~

11 ~~(2) The review agent shall notify, in writing, the patient and provider of record of its~~
12 ~~decision on the appeal as soon as practical, but in no case later than fifteen (15) or twenty one (21)~~
13 ~~business days if verbal notice is given within fifteen (15) business days after receiving the required~~
14 ~~documentation on the appeal.~~

15 ~~(3) The review agent shall also provide for an expedited appeals process for emergency or~~
16 ~~life-threatening situations. Each review agent shall complete the adjudication of expedited appeals~~
17 ~~within two (2) business days of the date the appeal is filed and all information necessary to complete~~
18 ~~the appeal is received by the review agent.~~

19 ~~(4) All first level appeals of determinations not to authorize a health care service that had~~
20 ~~been ordered by a physician, dentist, or other practitioner shall be made, documented, and signed~~
21 ~~by a licensed practitioner with the same licensure status as the ordering practitioner or a licensed~~
22 ~~physician or a licensed dentist.~~

23 ~~(5) All second level appeal decisions shall be made, signed, and documented by a licensed~~
24 ~~practitioner in the same or a similar general specialty as typically manages the medical condition,~~
25 ~~procedure, or treatment under discussion.~~

26 ~~(6) The review agent shall maintain records of written appeals and their resolution, and~~
27 ~~shall provide reports as requested by the department.~~

28 ~~(c) The review agency must conform to the following requirements when making its~~
29 ~~adverse determination and appeal decisions:~~

30 ~~(1) The review agent must assure that the licensed practitioner or licensed physician is~~
31 ~~reasonably available to review the case as required under subdivision 23-17.12 9(a)(7) and shall~~
32 ~~conform to the following:~~

33 ~~(i) Each agency peer reviewer shall have access to and review all necessary information as~~
34 ~~requested by the agency and/or submitted by the provider(s) and/or patients;~~

1 ~~(ii) Each agency shall provide accurate peer review contact information to the provider at~~
2 ~~the time of service, if requested, and/or prior to such service, if requested. This contact information~~
3 ~~must provide a mechanism for direct communication with the agency's peer reviewer;~~
4 ~~(iii) Agency peer reviewers shall respond to the provider's request for a two-way direct~~
5 ~~communication defined in subdivision 23-17.12-9(a)(7)(iv) as follows:~~
6 ~~(A) For a prospective review of non-urgent and non-emergent health care services, a~~
7 ~~response within one business day of the request for a peer discussion;~~
8 ~~(B) For concurrent and prospective reviews of urgent and emergent health care services, a~~
9 ~~response within a reasonable period of time of the request for a peer discussion; and~~
10 ~~(C) For retrospective reviews, prior to the first level appeal decision.~~
11 ~~(iv) The review agency will have met the requirements of a two-way direct communication,~~
12 ~~when requested and/or as required prior to the first level of appeal, when it has made two (2)~~
13 ~~reasonable attempts to contact the attending provider directly.~~
14 ~~(v) Repeated violations of this section shall be deemed to be substantial violations pursuant~~
15 ~~to § 23-17.12-14 and shall be cause for the imposition of penalties under that section.~~
16 ~~(2) No reviewer at any level under this section shall be compensated or paid a bonus or~~
17 ~~incentive based on making or upholding an adverse determination.~~
18 ~~(3) No reviewer under this section who has been involved in prior reviews of the case under~~
19 ~~appeal or who has participated in the direct care of the patient may participate as the sole reviewer~~
20 ~~in reviewing a case under appeal; provided, however, that when new information has been made~~
21 ~~available at the first level of appeal, then the review may be conducted by the same reviewer who~~
22 ~~made the initial adverse determination.~~
23 ~~(4) A review agent is only entitled to review information or data relevant to the utilization~~
24 ~~review process. A review agent may not disclose or publish individual medical records or any~~
25 ~~confidential medical information obtained in the performance of utilization review activities. A~~
26 ~~review agent shall be considered a third party health insurer for the purposes of § 5-37.3-6(b)(6) of~~
27 ~~this state and shall be required to maintain the security procedures mandated in § 5-37.3-4(e).~~
28 ~~(5) Notwithstanding any other provision of law, the review agent, the department, and all~~
29 ~~other parties privy to information which is the subject of this chapter shall comply with all state~~
30 ~~and federal confidentiality laws, including, but not limited to, chapter 37.3 of title 5 (Confidentiality~~
31 ~~of Health Care Communications and Information Act) and specifically § 5-37.3-4(e), which~~
32 ~~requires limitation on the distribution of information which is the subject of this chapter on a "need~~
33 ~~to know" basis, and § 40.1-5-26.~~
34 ~~(6) The department may, in response to a complaint that is provided in written form to the~~

1 ~~review agent, review an appeal regarding any adverse determination, and may request information~~
2 ~~of the review agent, provider or patient regarding the status, outcome or rationale regarding the~~
3 ~~decision.~~

4 ~~(d) The requirement that each review agent shall utilize and provide upon request, by~~
5 ~~Rhode Island licensed hospitals and the Rhode Island Medical Society, in either electronic or paper~~
6 ~~format, written medically acceptable screening criteria and review procedures which are~~
7 ~~established and periodically evaluated and updated with appropriate consultation with Rhode Island~~
8 ~~licensed physicians, hospitals, including practicing physicians, and other health care providers in~~
9 ~~the same specialty as would typically treat the services subject to the criteria as follows:~~

10 ~~(1) Utilization review agents shall consult with no fewer than five (5) Rhode Island licensed~~
11 ~~physicians or other health care providers. Further, in instances where the screening criteria and~~
12 ~~review procedures are applicable to inpatients and/or outpatients of hospitals, the medical director~~
13 ~~of each licensed hospital in Rhode Island shall also be consulted. Utilization review agents who~~
14 ~~utilize screening criteria and review procedures provided by another entity may satisfy the~~
15 ~~requirements of this section if the utilization review agent demonstrates to the satisfaction of the~~
16 ~~director that the entity furnishing the screening criteria and review procedures has complied with~~
17 ~~the requirements of this section.~~

18 ~~(2) Utilization review agents seeking initial certification shall conduct the consultation for~~
19 ~~all screening and review criteria to be utilized. Utilization review agents who have been certified~~
20 ~~for one year or longer shall be required to conduct the consultation on a periodic basis for the~~
21 ~~utilization review agent's highest volume services subject to utilization review during the prior year;~~
22 ~~services subject to the highest volume of adverse determinations during the prior year; and for any~~
23 ~~additional services identified by the director.~~

24 ~~(3) Utilization review agents shall not include in the consultations as required under~~
25 ~~paragraph (1) of this subdivision, any physicians or other health services providers who have~~
26 ~~financial relationships with the utilization review agent other than financial relationships for~~
27 ~~provisions of direct patient care to utilization review agent enrollees and reasonable compensation~~
28 ~~for consultation as required by paragraph (1) of this subdivision.~~

29 ~~(4) All documentation regarding required consultations, including comments and/or~~
30 ~~recommendations provided by the health care providers involved in the review of the screening~~
31 ~~criteria, as well as the utilization review agent's action plan or comments on any recommendations,~~
32 ~~shall be in writing and shall be furnished to the department on request. The documentation shall~~
33 ~~also be provided on request to any licensed health care provider at a nominal cost that is sufficient~~
34 ~~to cover the utilization review agent's reasonable costs of copying and mailing.~~

1 ~~(5) Utilization review agents may utilize non Rhode Island licensed physicians or other~~
2 ~~health care providers to provide the consultation as required under paragraph (1) of this subdivision,~~
3 ~~when the utilization review agent can demonstrate to the satisfaction of the director that the related~~
4 ~~services are not currently provided in Rhode Island or that another substantial reason requires such~~
5 ~~approach.~~

6 ~~(6) Utilization review agents whose annualized data reported to the department~~
7 ~~demonstrate that the utilization review agent will review fewer than five hundred (500) such~~
8 ~~requests for authorization may request a variance from the requirements of this section.~~

9 **23-17.12-10. External appeal requirements:**

10 ~~(a) In cases where the second level of appeal to reverse an adverse determination is~~
11 ~~unsuccessful, the review agent shall provide for an external appeal by an unrelated and objective~~
12 ~~appeal agency, selected by the director. The director shall promulgate rules and regulations~~
13 ~~including, but not limited to, criteria for designation, operation, policy, oversight, and termination~~
14 ~~of designation as an external appeal agency. The external appeal agency shall not be required to be~~
15 ~~certified under this chapter for activities conducted pursuant to its designation.~~

16 ~~(b) The external appeal shall have the following characteristics:~~

17 ~~(1) The external appeal review and decision shall be based on the medical necessity for the~~
18 ~~health care or service and the appropriateness of service delivery for which authorization has been~~
19 ~~denied.~~

20 ~~(2) Neutral physicians, dentists, or other practitioners in the same or similar general~~
21 ~~specialty as typically manages the health care service shall be utilized to make the external appeal~~
22 ~~decisions.~~

23 ~~(3) Neutral physicians, dentists, or other practitioners shall be selected from lists:~~

24 ~~(i) Mutually agreed upon by the provider associations, insurers, and the purchasers of~~
25 ~~health services; and~~

26 ~~(ii) Used during a twelve (12) month period as the source of names for neutral physician,~~
27 ~~dentist, or other practitioner reviewers.~~

28 ~~(4) The neutral physician, dentist, or other practitioner may confer either directly with the~~
29 ~~review agent and provider, or with physicians or dentists appointed to represent them.~~

30 ~~(5) Payment for the appeal fee charged by the neutral physician, dentist, or other~~
31 ~~practitioner shall be shared equally between the two (2) parties to the appeal; provided, however,~~
32 ~~that if the decision of the utilization review agent is overturned, the appealing party shall be~~
33 ~~reimbursed by the utilization review agent for their share of the appeal fee paid under this~~
34 ~~subsection.~~

1 ~~(6) The decision of the external appeal agency shall be binding; however, any person who~~
2 ~~is aggrieved by a final decision of the external appeal agency is entitled to judicial review in a court~~
3 ~~of competent jurisdiction.~~

4 ~~**23-17.12-11. Repealed.**~~

5 ~~**23-17.12-12. Reporting requirements.**~~

6 ~~(a) The department shall establish reporting requirements to determine if the utilization~~
7 ~~review programs are in compliance with the provisions of this chapter and applicable regulations.~~

8 ~~(b) By November 14, 2014, the department shall report to the general assembly regarding~~
9 ~~hospital admission practices and procedures and the effects of such practices and procedures on the~~
10 ~~care and wellbeing of patients who present behavioral healthcare conditions on an emergency basis.~~
11 ~~The report shall be developed with the cooperation of the department of behavioral healthcare,~~
12 ~~developmental disabilities, and hospitals and of the department of children, youth, and families,~~
13 ~~and shall recommend changes to state law and regulation to address any necessary and appropriate~~
14 ~~revisions to the department's regulations related to utilization review based on the Federal Mental~~
15 ~~Health Parity and Addiction Equity Act of 2008 (MHPAEA) and the Patient Protection and~~
16 ~~Affordable Care Act, Pub. L. 111-148, and the state's regulatory interpretation of parity in insurance~~
17 ~~coverage of behavioral healthcare. These recommended or adopted revisions to the department's~~
18 ~~regulations shall include, but not be limited to:~~

19 ~~(1) Adverse determination and internal appeals, with particular regard to the time necessary~~
20 ~~to complete a review of urgent and/or emergent services for patients with behavioral health needs;~~

21 ~~(2) External appeal requirements;~~

22 ~~(3) The process for investigating whether insurers and agents are complying with the~~
23 ~~provisions of chapter 17.12 of title 23 in light of parity in insurance coverage for behavioral~~
24 ~~healthcare, with particular regard to emergency admissions; and~~

25 ~~(4) Enforcement of the provisions of chapter 17.12 of title 23 in light of insurance parity~~
26 ~~for behavioral healthcare.~~

27 ~~**23-17.12-13. Lists.**~~

28 ~~The director shall periodically provide a list of private review agents issued certificates and~~
29 ~~the renewal date for those certificates to all licensed health care facilities and any other individual~~
30 ~~or organization requesting the list.~~

31 ~~**23-17.12-14. Penalties.**~~

32 ~~A person who substantially violates any provision of this chapter or any regulation adopted~~
33 ~~under this chapter or who submits any false information in an application required by this chapter~~
34 ~~is guilty of a misdemeanor and on conviction is subject to a penalty not exceeding five thousand~~

1 dollars (\$5,000).

2 **23-17.12-15. Annual report.**

3 ~~The director shall issue an annual report to the governor and the general assembly~~
4 ~~concerning the conduct of utilization review in the state. The report shall include a description of~~
5 ~~utilization programs and the services they provide, an analysis of complaints filed against private~~
6 ~~review agents by patients or providers and an evaluation of the impact of utilization review~~
7 ~~programs on patient access to care.~~

8 **23-17.12-16. Fees.**

9 ~~The proceeds of any fees, monetary penalties, and fines collected pursuant to the provisions~~
10 ~~of this chapter shall be deposited as general revenues.~~

11 **23-17.12-17. Severability.**

12 ~~If any provision of this chapter or the application of any provision to any person or~~
13 ~~circumstance shall be held invalid, that invalidity shall not affect the provisions or application of~~
14 ~~this chapter which can be given effect without the invalid provision or application, and to this end~~
15 ~~the provisions of this chapter are declared to be severable.~~

16 SECTION 2. Chapter 23-17.13 of the General Laws entitled "Health Care Accessibility
17 and Quality Assurance Act" is hereby repealed in its entirety.

18 **CHAPTER 23-17.13**

19 ~~Health Care Accessibility and Quality Assurance Act~~

20 **23-17.13-1. Purpose.**

21 ~~The legislature declares that:~~

22 ~~(1) It is in the best interest of the public that those individuals and care entities involved~~
23 ~~with the delivery of plan coverage in our state meet the standards of this chapter to insure~~
24 ~~accessibility and quality for the state's patients;~~

25 ~~(2) Nothing in the legislation is intended to prohibit a health care entity or contractor from~~
26 ~~forming limited networks of providers; and~~

27 ~~(3) It is a vital state function to establish these standards for the conduct of health plans by~~
28 ~~a health care entity in Rhode Island.~~

29 **23-17.13-2. Definitions.**

30 ~~As used in this chapter:~~

31 ~~(1) "Adverse decision" means any decision by a review agent not to certify an admission,~~
32 ~~service, procedure, or extension of stay. A decision by a reviewing agent to certify an admission,~~
33 ~~service, or procedure in an alternative treatment setting, or to certify a modified extension of stay,~~
34 ~~shall not constitute an adverse decision if the reviewing agent and the requesting provider are in~~

1 ~~agreement regarding the decision.~~

2 ~~(2) "Contractor" means a person/entity that:~~

3 ~~(i) Establishes, operates or maintains a network of participating providers;~~

4 ~~(ii) Contracts with an insurance company, a hospital or medical or dental service plan, an~~

5 ~~employer, whether under written or self insured, an employee organization, or any other entity~~

6 ~~providing coverage for health care services to administer a plan; and/or~~

7 ~~(iii) Conducts or arranges for utilization review activities pursuant to chapter 17.12 of this~~

8 ~~title.~~

9 ~~(3) "Direct service ratio" means the amount of premium dollars expended by the plan for~~

10 ~~covered services provided to enrollees on a plan's fiscal year basis.~~

11 ~~(4) "Director" means the director of the department of health.~~

12 ~~(5) "Emergency services" has the same meaning as the meaning contained in the rules and~~

13 ~~regulations promulgated pursuant to chapter 12.3 of title 42, as may be amended from time to time,~~

14 ~~and includes the sudden onset of a medical or mental condition that the absence of immediate~~

15 ~~medical attention could reasonably be expected to result in placing the patient's health in serious~~

16 ~~jeopardy, serious impairment to bodily or mental functions, or serious dysfunction of any bodily~~

17 ~~organ or part.~~

18 ~~(6) "Health care entity" means a licensed insurance company, hospital, or dental or medical~~

19 ~~service plan or health maintenance organization, or a contractor as described in subdivision (2),~~

20 ~~that operates a health plan.~~

21 ~~(7) "Health care services" includes, but is not limited to, medical, mental health, substance~~

22 ~~abuse, and dental services.~~

23 ~~(8) "Health plan" means a plan operated by a health care entity as described in subdivision~~

24 ~~(6) that provides for the delivery of care services to persons enrolled in the plan through:~~

25 ~~(i) Arrangements with selected providers to furnish health care services; and/or~~

26 ~~(ii) Financial incentives for persons enrolled in the plan to use the participating providers~~

27 ~~and procedures provided for by the plan.~~

28 ~~(9) "Provider" means a physician, hospital, pharmacy, laboratory, dentist, or other state~~

29 ~~licensed or other state recognized provider of health care services or supplies, and whose services~~

30 ~~are recognized pursuant to 213(d) of the Internal Revenue Code, 26 U.S.C. § 213(d), that has~~

31 ~~entered into an agreement with a health care entity as described in subdivision (6) or contractor as~~

32 ~~described in subdivision (2) to provide these services or supplies to a patient enrolled in a plan.~~

33 ~~(10) "Provider incentive plan" means any compensation arrangement between a health care~~

34 ~~entity or plan and a provider or provider group that may directly or indirectly have the effect of~~

1 ~~reducing or limiting services provided with respect to an individual enrolled in a plan.~~

2 ~~(11) "Qualified health plan" means a plan that the director of the department of health~~
3 ~~certified, upon application by the program, as meeting the requirements of this chapter.~~

4 ~~(12) "Qualified utilization review program" means utilization review program that meets~~
5 ~~the requirements of chapter 17.12 of this title.~~

6 ~~(13) "Most favored rate clause" means a provision in a provider contract whereby the rates~~
7 ~~or fees to be paid by a health plan are fixed, established or adjusted to be equal to or lower than the~~
8 ~~rates or fees paid to the provider by any other health plan or third party payor.~~

9 ~~**23-17.13-3. Certification of health plans.**~~

10 ~~(a) Certification process.~~

11 ~~(1) Certification.~~

12 ~~(i) The director shall establish a process for certification of health plans meeting the~~
13 ~~requirements of certification in subsection (b).~~

14 ~~(ii) The director shall act upon the health plan's completed application for certification~~
15 ~~within ninety (90) days of receipt of such application for certification.~~

16 ~~(2) Review and recertification. To ensure compliance with subsection (b), the director shall~~
17 ~~establish procedures for the periodic review and recertification of qualified health plans not less~~
18 ~~than every five (5) years; provided, however, that the director may review the certification of a~~
19 ~~qualified health plan at any time if there exists evidence that a qualified health plan may be in~~
20 ~~violation of subsection (b).~~

21 ~~(3) Cost of certification. The total cost of obtaining and maintaining certification under this~~
22 ~~title and compliance with the requirements of the applicable rules and regulations are borne by the~~
23 ~~entities so certified and shall be one hundred and fifty percent (150%) of the total salaries paid to~~
24 ~~the certifying personnel of the department engaged in those certifications less any salary~~
25 ~~reimbursements and shall be paid to the director to and for the use of the department. That~~
26 ~~assessment shall be in addition to any taxes and fees otherwise payable to the state.~~

27 ~~(4) Standard definitions. To help ensure a patient's ability to make informed decisions~~
28 ~~regarding their health care, the director shall promulgate regulation(s) to provide for standardized~~
29 ~~definitions (unless defined in existing statute) of the following terms in this subdivision, provided,~~
30 ~~however, that no definition shall be construed to require a health care entity to add any benefit, to~~
31 ~~increase the scope of any benefit, or to increase any benefit under any contract:~~

32 ~~(i) Allowable charge;~~

33 ~~(ii) Capitation;~~

34 ~~(iii) Co-payments;~~

- 1 ~~(iv) Co-insurance;~~
- 2 ~~(v) Credentialing;~~
- 3 ~~(vi) Formulary;~~
- 4 ~~(vii) Grace period;~~
- 5 ~~(viii) Indemnity insurance;~~
- 6 ~~(ix) In-patient care;~~
- 7 ~~(x) Maximum lifetime cap;~~
- 8 ~~(xi) Medical necessity;~~
- 9 ~~(xii) Out-of-network;~~
- 10 ~~(xiii) Out-patient;~~
- 11 ~~(xiv) Pre-existing conditions;~~
- 12 ~~(xv) Point of service;~~
- 13 ~~(xvi) Risk sharing;~~
- 14 ~~(xvii) Second opinion;~~
- 15 ~~(xviii) Provider network;~~
- 16 ~~(xix) Urgent care.~~

17 ~~(b) Requirements for certification. The director shall establish standards and procedures~~
18 ~~for the certification of qualified health plans that conduct business in this state and who have~~
19 ~~demonstrated the ability to ensure that health care services will be provided in a manner to assure~~
20 ~~availability and accessibility, adequate personnel and facilities, and continuity of service, and has~~
21 ~~demonstrated arrangements for ongoing quality assurance programs regarding care processes and~~
22 ~~outcomes; other standards shall consist of, but are not limited to, the following:~~

23 ~~(1) Prospective and current enrollees in health plans must be provided information as to~~
24 ~~the terms and conditions of the plan consistent with the rules and regulations promulgated under~~
25 ~~chapter 12.3 of title 42 so that they can make informed decisions about accepting and utilizing the~~
26 ~~health care services of the health plan. This must be standardized so that customers can compare~~
27 ~~the attributes of the plans, and all information required by this paragraph shall be updated at~~
28 ~~intervals determined by the director. Of those items required under this section, the director shall~~
29 ~~also determine which items shall be routinely distributed to prospective and current enrollees as~~
30 ~~listed in this subsection and which items may be made available upon request. The items to be~~
31 ~~disclosed are:~~

32 ~~(i) Coverage provisions, benefits, and any restriction or limitations on health care services,~~
33 ~~including but not limited to, any exclusions as follows: by category of service, and if applicable,~~
34 ~~by specific service, by technology, procedure, medication, provider or treatment modality;~~

1 ~~diagnosis and condition, the latter three (3) of which shall be listed by name.~~

2 ~~(ii) Experimental treatment modalities that are subject to change with the advent of new~~
3 ~~technology may be listed solely by the broad category "Experimental Treatments". The information~~
4 ~~provided to consumers shall include the plan's telephone number and address where enrollees may~~
5 ~~call or write for more information or to register a complaint regarding the plan or coverage~~
6 ~~provision.~~

7 ~~(2) Written statement of the enrollee's right to seek a second opinion, and reimbursement~~
8 ~~if applicable.~~

9 ~~(3) Written disclosure regarding the appeals process described in § 23-17.12-1 et seq. and~~
10 ~~in the rules and regulations for the utilization review of care services, promulgated by the~~
11 ~~department of health, the telephone numbers and addresses for the plan's office which handles~~
12 ~~complaints as well as for the office which handles the appeals process under § 23-17.12-1 et seq.~~
13 ~~and the rules and regulations for the utilization of health.~~

14 ~~(4) Written statement of prospective and current enrollees' right to confidentiality of all~~
15 ~~health care record and information in the possession and/or control of the plan, its employees, its~~
16 ~~agents and parties with whom a contractual agreement exists to provide utilization review or who~~
17 ~~in any way have access to care information. A summary statement of the measures taken by the~~
18 ~~plan to ensure confidentiality of an individual's health care records shall be disclosed.~~

19 ~~(5) Written disclosure of the enrollee's right to be free from discrimination by the health~~
20 ~~plan and the right to refuse treatment without jeopardizing future treatment.~~

21 ~~(6) Written disclosure of a plan's policy to direct enrollees to particular providers. Any~~
22 ~~limitations on reimbursement should the enrollee refuse the referral must be disclosed.~~

23 ~~(7) A summary of prior authorization or other review requirements including~~
24 ~~preauthorization review, concurrent review, post service review, post payment review and any~~
25 ~~procedure that may lead the patient to be denied coverage for or not be provided a particular service.~~

26 ~~(8) Any health plan that operates a provider incentive plan shall not enter into any~~
27 ~~compensation agreement with any provider of covered services or pharmaceutical manufacturer~~
28 ~~pursuant to which specific payment is made directly or indirectly to the provider as an inducement~~
29 ~~or incentive to reduce or limit services, to reduce the length of stay or the use of alternative~~
30 ~~treatment settings or the use of a particular medication with respect to an individual patient,~~
31 ~~provided however, that capitation agreements and similar risk sharing arrangements are not~~
32 ~~prohibited.~~

33 ~~(9) Health plans must disclose to prospective and current enrollees the existence of~~
34 ~~financial arrangements for capitated or other risk sharing arrangements that exist with providers in~~

1 a manner described in paragraphs (i), (ii), and (iii):

2 (i) ~~"This health plan utilizes capitated arrangements, with its participating providers, or~~
3 ~~contains other similar risk sharing arrangements;~~

4 (ii) ~~This health plan may include a capitated reimbursement arrangement or other similar~~
5 ~~risk sharing arrangement, and other financial arrangements with your provider;~~

6 (iii) ~~This health plan is not capitated and does not contain other risk sharing arrangements."~~

7 (10) ~~Written disclosure of criteria for accessing emergency health care services as well as~~
8 ~~a statement of the plan's policies regarding payment for examinations to determine if emergency~~
9 ~~health care services are necessary, the emergency care itself, and the necessary services following~~
10 ~~emergency treatment or stabilization. The health plan must respond to the request of the treating~~
11 ~~provider for post stabilization treatment by approving or denying it as soon as possible.~~

12 (11) ~~Explanation of how health plan limitations impact enrollees, including information on~~
13 ~~enrollee financial responsibility for payment for co insurance, co payment, or other non covered,~~
14 ~~out of pocket, or out of plan services. This shall include information on deductibles and benefits~~
15 ~~limitations including, but not limited to, annual limits and maximum lifetime benefits.~~

16 (12) ~~The terms under which the health plan may be renewed by the plan enrollee, including~~
17 ~~any reservation by the plan of any right to increase premiums.~~

18 (13) ~~Summary of criteria used to authorize treatment.~~

19 (14) ~~A schedule of revenues and expenses, including direct service ratios and other~~
20 ~~statistical information which meets the requirements set forth below on a form prescribed by the~~
21 ~~director.~~

22 (15) ~~Plan costs of health care services, including but not limited to all of the following:~~

23 (i) ~~Physician services;~~

24 (ii) ~~Hospital services, including both inpatients and outpatient services;~~

25 (iii) ~~Other professional services;~~

26 (iv) ~~Pharmacy services, excluding pharmaceutical products dispensed in a physician's~~
27 ~~office;~~

28 (v) ~~Health education;~~

29 (vi) ~~Substance abuse services and mental health services.~~

30 (16) ~~Plan complaint, adverse decision, and prior authorization statistics. This statistical data~~
31 ~~shall be updated annually:~~

32 (i) ~~The ratio of the number of complaints received to the total number of covered persons,~~
33 ~~reported by category, listed in paragraphs (b)(15)(i) — (vi);~~

34 (ii) ~~The ratio of the number of adverse decisions issued to the number of complaints~~

1 ~~received, reported by category;~~

2 ~~(iii) The ratio of the number of prior authorizations denied to the number of prior~~

3 ~~authorizations requested, reported by category;~~

4 ~~(iv) The ratio of the number of successful enrollee appeals to the total number of appeals~~

5 ~~filed.~~

6 ~~(17) Plans must demonstrate that:~~

7 ~~(i) They have reasonable access to providers, so that all covered health care services will~~

8 ~~be provided. This requirement cannot be waived and must be met in all areas where the health plan~~

9 ~~has enrollees;~~

10 ~~(ii) Urgent health care services, if covered, shall be available within a time frame that meets~~

11 ~~standards set by the director.~~

12 ~~(18) A comprehensive list of participating providers listed by office location, specialty if~~

13 ~~applicable, and other information as determined by the director, updated annually.~~

14 ~~(19) Plans must provide to the director, at intervals determined by the director, enrollee~~

15 ~~satisfaction measures. The director is authorized to specify reasonable requirements for these~~

16 ~~measures consistent with industry standards to assure an acceptable degree of statistical validity~~

17 ~~and comparability of satisfaction measures over time and among plans. The director shall publish~~

18 ~~periodic reports for the public providing information on health plan enrollee satisfaction.~~

19 ~~(c) Issuance of certification.~~

20 ~~(1) Upon receipt of an application for certification, the director shall notify and afford the~~

21 ~~public an opportunity to comment upon the application.~~

22 ~~(2) A health care plan will meet the requirements of certification, subsection (b) by~~

23 ~~providing information required in subsection (b) to any state or federal agency in conformance with~~

24 ~~any other applicable state or federal law, or in conformity with standards adopted by an accrediting~~

25 ~~organization provided that the director determines that the information is substantially similar to~~

26 ~~the previously mentioned requirements and is presented in a format that provides a meaningful~~

27 ~~comparison between health plans.~~

28 ~~(3) All health plans shall be required to establish a mechanism, under which providers,~~

29 ~~including local providers participating in the plan, provide input into the plan's health care policy,~~

30 ~~including technology, medications and procedures, utilization review criteria and procedures,~~

31 ~~quality and credentialing criteria, and medical management procedures.~~

32 ~~(4) All health plans shall be required to establish a mechanism under which local individual~~

33 ~~subscribers to the plan provide input into the plan's procedures and processes regarding the delivery~~

34 ~~of health care services.~~

1 ~~(5) A health plan shall not refuse to contract with or compensate for covered services an~~
2 ~~otherwise eligible provider or non-participating provider solely because that provider has in good~~
3 ~~faith communicated with one or more of his or her patients regarding the provisions, terms or~~
4 ~~requirements of the insurer's products as they relate to the needs of that provider's patients.~~

5 ~~(6)(i) All health plans shall be required to publicly notify providers within the health plans'~~
6 ~~geographic service area of the opportunity to apply for credentials. This notification process shall~~
7 ~~be required only when the plan contemplates adding additional providers and may be specific as to~~
8 ~~geographic area and provider specialty. Any provider not selected by the health plan may be placed~~
9 ~~on a waiting list.~~

10 ~~(ii) This credentialing process shall begin upon acceptance of an application from a~~
11 ~~provider to the plan for inclusion.~~

12 ~~(iii) Each application shall be reviewed by the plan's credentialing body.~~

13 ~~(iv) All health plans shall develop and maintain credentialing criteria to be utilized in~~
14 ~~adding providers from the plans' network. Credentialing criteria shall be based on input from~~
15 ~~providers credentialed in the plan and these standards shall be available to applicants. When~~
16 ~~economic considerations are part of the decisions, the criteria must be available to applicants. Any~~
17 ~~economic profiling must factor the specialty utilization and practice patterns and general~~
18 ~~information comparing the applicant to his or her peers in the same specialty will be made available.~~
19 ~~Any economic profiling of providers must be adjusted to recognize case mix, severity of illness,~~
20 ~~age of patients and other features of a provider's practice that may account for higher than or lower~~
21 ~~than expected costs. Profiles must be made available to those so profiled.~~

22 ~~(7) A health plan shall not exclude a provider of covered services from participation in its~~
23 ~~provider network based solely on:~~

24 ~~(i) The provider's degree or license as applicable under state law; or~~

25 ~~(ii) The provider of covered services lack of affiliation with, or admitting privileges at a~~
26 ~~hospital, if that lack of affiliation is due solely to the provider's type of license.~~

27 ~~(8) Health plans shall not discriminate against providers solely because the provider treats~~
28 ~~a substantial number of patients who require expensive or uncompensated medical care.~~

29 ~~(9) The applicant shall be provided with all reasons used if the application is denied.~~

30 ~~(10) Plans shall not be allowed to include clauses in physician or other provider contracts~~
31 ~~that allow for the plan to terminate the contract "without cause"; provided, however, cause shall~~
32 ~~include lack of need due to economic considerations.~~

33 ~~(11)(i) There shall be due process for non-institutional providers for all adverse decisions~~
34 ~~resulting in a change of privileges of a credentialed non-institutional provider. The details of the~~

1 ~~health plan's due process shall be included in the plan's provider contracts.~~

2 ~~(ii) A health plan is deemed to have met the adequate notice and hearing requirement of~~
3 ~~this section with respect to a non-institutional provider if the following conditions are met (or are~~
4 ~~waived voluntarily by the non-institutional provider):~~

5 ~~(A) The provider shall be notified of the proposed actions and the reasons for the proposed~~
6 ~~action.~~

7 ~~(B) The provider shall be given the opportunity to contest the proposed action.~~

8 ~~(C) The health plan has developed an internal appeals process that has reasonable time~~
9 ~~limits for the resolution of an internal appeal.~~

10 ~~(12) If the plan places a provider or provider group at financial risk for services not~~
11 ~~provided by the provider or provider group, the plan must require that a provider or group has met~~
12 ~~all appropriate standards of the department of business regulation.~~

13 ~~(13) A health plan shall not include a most favored rate clause in a provider contract.~~

14 **23-17.13-4. Penalties and enforcement.**

15 ~~(a) The director of the department of health may, in lieu of the suspension or revocation of~~
16 ~~a license, levy an administrative penalty in an amount not less than five hundred dollars (\$500) nor~~
17 ~~more than fifty thousand dollars (\$50,000), if reasonable notice, in writing, is given of the intent to~~
18 ~~levy the penalty and the particular health organization has a reasonable time in which to remedy~~
19 ~~the defect in its operations which gave rise to the penalty citation. The director of health may~~
20 ~~augment this penalty by an amount equal to the sum that the director calculates to be the damages~~
21 ~~suffered by enrollees or other members of the public.~~

22 ~~(b) Any person who knowingly and willfully violates this chapter shall be guilty of a~~
23 ~~misdemeanor and may be punished by a fine not to exceed five hundred dollars (\$500) or by~~
24 ~~imprisonment for a period not exceeding one year, or both.~~

25 ~~(c) (1) If the director of health shall for any reason have cause to believe that any violation~~
26 ~~of this chapter has occurred or is threatened, the director of health may give notice to the particular~~
27 ~~health organization and to their representatives, or other persons who appear to be involved in the~~
28 ~~suspected violation, to arrange a conference with the alleged violators or their authorized~~
29 ~~representatives for the purpose of attempting to ascertain the facts relating to the suspected~~
30 ~~violation, and, in the event it appears that any violation has occurred or is threatened, to arrive at~~
31 ~~an adequate and effective means of correcting or preventing the violation;~~

32 ~~(2) Proceedings under this subsection shall be governed by chapter 35 of title 42.~~

33 ~~(d) (1) The director of health may issue an order directing a particular health organization~~
34 ~~or a representative of that health organization to cease and desist from engaging in any act or~~

1 ~~practice in violation of the provisions of this chapter;~~

2 ~~(2) Within thirty (30) days after service of the order to cease and desist, the respondent may~~
3 ~~request a hearing on the question of whether acts or practices in violation of this chapter have~~
4 ~~occurred. Those hearings shall be conducted pursuant to §§ 42-35-9 through 42-35-13, and judicial~~
5 ~~review shall be available as provided by §§ 42-35-15 and 42-35-16.~~

6 ~~(e) In the case of any violation of the provisions of this chapter, if the director of health~~
7 ~~elects not to issue a cease and desist order, or in the event of noncompliance with a cease and desist~~
8 ~~order issued pursuant to subsection (d), the director of health may institute a proceeding to obtain~~
9 ~~injunctive relief, or seeking other appropriate relief, in the superior court for the county of~~
10 ~~Providence.~~

11 **23-17.13-5. Severability.**

12 ~~If any section, clause, or provision of this chapter shall be held either unconstitutional or~~
13 ~~ineffective in whole or in part to the extent that it is not unconstitutional or ineffective, it shall be~~
14 ~~valid and effective and no other section, clause or provision shall on account thereof be termed~~
15 ~~invalid or ineffective.~~

16 **23-17.13-6. Contracts with providers for dental services.**

17 ~~(a) No contract between a dental plan of a health care entity and a dentist for the provision~~
18 ~~of services to patients may require that a dentist provide services to its subscribers at a fee set by~~
19 ~~the health care entity unless said services are covered services under the applicable subscriber~~
20 ~~agreement. "Covered services," as used herein, means services reimbursable under the applicable~~
21 ~~subscriber agreement, subject to such contractual limitations on subscriber benefits as may apply,~~
22 ~~including, for example, deductibles, waiting period or frequency limitations.~~

23 ~~(b) For the purposes of this section "dental plan" shall include any policy of insurance~~
24 ~~which is issued by a health care entity which provides for coverage of dental services not in~~
25 ~~connection with a medical plan.~~

26 **23-17.13-7. Contracts with providers and optometric services.**

27 ~~(a) No contract between an eye care provider and a company offering accident and sickness~~
28 ~~insurance as defined in chapter 18 of title 27; a nonprofit medical service corporation as defined in~~
29 ~~chapter 20 of title 27; or a health maintenance organization as defined in chapter 41 of title 27; or~~
30 ~~a vision plan, may require that an eye care provider provide services or materials to its subscribers~~
31 ~~at a fee set by the insurer or vision plan unless the insurer or vision plan compensates the eye care~~
32 ~~provider for the provision of such services or materials to the patient. Reimbursement paid by the~~
33 ~~insurer or vision plan for covered services and materials shall not provide nominal reimbursement~~
34 ~~in order to claim that services and materials are covered services.~~

1 ~~(b) (1) "Services" means services and materials for which reimbursement from the vision~~
2 ~~plan is provided for by an enrollee's plan contract, or for which a reimbursement would be available~~
3 ~~but for the application of the enrollee's contractual limitations of deductibles, copayments, or~~
4 ~~coinsurance.~~

5 ~~(2) "Materials" means and includes, but is not limited to, lenses, devices containing lenses,~~
6 ~~prisms, lens treatments and coatings, contact lenses, orthoptics, vision training, and prosthetic~~
7 ~~devices to correct, relieve, or treat defects or abnormal conditions of the human eye or its adnexa.~~

8 ~~(3) "Eye care provider" means an optometrist, optician, or ophthalmologist.~~

9 SECTION 3. Chapter 23-17.18 of the General Laws entitled "Health Plan Modification
10 Act" is hereby repealed in its entirety.

11 ~~CHAPTER 23-17.18~~

12 ~~Health Plan Modification Act~~

13 ~~23-17.18 1. Modification of health plans.~~

14 ~~(a) A health plan may materially modify the terms of a participating agreement it maintains~~
15 ~~with a physician only if the plan disseminates in writing by mail to the physician the contents of~~
16 ~~the proposed modification and an explanation, in nontechnical terms, of the modification's impact.~~

17 ~~(b) The health plan shall provide the physician an opportunity to amend or terminate the~~
18 ~~physician contract with the health plan within sixty (60) days of receipt of the notice of~~
19 ~~modification. Any termination of a physician contract made pursuant to this section shall be~~
20 ~~effective fifteen (15) calendar days from the mailing of the notice of termination in writing by mail~~
21 ~~to the health plan. The termination shall not affect the method of payment or reduce the amount of~~
22 ~~reimbursement to the physician by the health plan for any patient in active treatment for an acute~~
23 ~~medical condition at the time the patient's physician terminates his, her, or its physician contract~~
24 ~~with the health plan until the active treatment is concluded or, if earlier, one year after the~~
25 ~~termination; and, with respect to the patient, during the active treatment period the physician shall~~
26 ~~be subject to all the terms and conditions of the terminated physician contract, including but not~~
27 ~~limited to, all reimbursement provisions which limit the patient's liability.~~

28 ~~(c) Nothing in this section shall apply to accident only, specified disease, hospital~~
29 ~~indemnity, Medicare supplement, long term care, disability income, or other limited benefit health~~
30 ~~insurance policies.~~

31 SECTION 4. Title 27 of the General Laws entitled "INSURANCE" is hereby amended by
32 adding thereto the following chapter:

33 CHAPTER 18.8

34 HEALTH CARE ACCESSIBILITY AND QUALITY ASSURANCE ACT

1 **27-18.8-1. Purpose.**

2 The legislature declares that:

3 (1) It is in the best interest of the public that those individuals and health care entities
4 involved with the delivery of health plan coverage in our state meet the standards of this chapter to
5 ensure accessibility and quality for the state's patients;

6 (2) Nothing in this legislation is intended to prohibit a health care entity from forming
7 limited networks of providers; and

8 (3) It is a vital state function to establish these standards for the conduct of health care
9 entities in Rhode Island and for public health well-being; and

10 (4) Nothing in this chapter is intended to prohibit or discourage the health insurance
11 commissioner from consulting or collaborating with the department of health, or any other state or
12 federal agency, to the extent the commissioner in his or her discretion determines such consultation
13 and or collaboration is necessary and or appropriate for the administration and enforcement of this
14 chapter.

15 **27-18.8-2. Definitions.**

16 As used in this chapter:

17 (1) "Adverse benefit determination" means a decision not to authorize a health care service,
18 including a denial, reduction, or termination of, or a failure to provide or make a payment, in whole
19 or in part, for a benefit. A decision by a utilization review agent to authorize a health care service
20 in an alternative setting, a modified extension of stay, or an alternative treatment shall not constitute
21 an adverse determination if the review agent and provider are in agreement regarding the decision.

22 Adverse benefit determinations include:

23 (i) "Administrative adverse benefit determinations," meaning any adverse benefit
24 determination that does not require the use of medical judgment or clinical criteria such as a
25 determination of an individual's eligibility to participate in coverage, a determination that a benefit
26 is not a covered benefit, or any rescission of coverage; and

27 (ii) "Non-administrative adverse benefit determinations," meaning any adverse benefit
28 determination that requires or involves the use of medical judgement or clinical criteria to
29 determine whether the service reviewed is medically necessary and/or appropriate. This includes
30 the denial of treatments determined to be experimental or investigational, and any denial of
31 coverage of a prescription drug because that drug is not on the health care entity's formulary.

32 (2) "Appeal" or "internal appeal" means a subsequent review of an adverse benefit
33 determination upon request by a claimant to include the beneficiary or provider to reconsider all or
34 part of the original adverse benefit determination.

1 (3) "Authorized representative" means an individual acting on behalf of the beneficiary and
2 shall include the ordering provider, any individual to whom the beneficiary has given express
3 written consent to act on his or her behalf, a person authorized by law to provide substituted consent
4 for the beneficiary and, when the beneficiary is unable to provide consent, a family member of the
5 beneficiary.

6 (4) "Beneficiary" means a policy holder subscriber, enrollee, or other individual
7 participating in a health benefit plan.

8 (5) "Benefit determination" means a decision to approve or deny a request to provide or
9 make payment for a health care service.

10 (6) "Certificate" means a certificate granted by the commissioner to a health care entity
11 meeting the requirements of this act.

12 (7) "Commissioner" means the commissioner of the office of the health insurance
13 commissioner.

14 (8) "Complaint" means an oral or written expression of dissatisfaction by a beneficiary,
15 authorized representative or provider. The appeal of an adverse benefit determination is not
16 considered a complaint.

17 (9) "Delegate" means a person or entity authorized pursuant to a delegation of authority or
18 directly or re-delegation of authority, by a health care entity or network plan to perform one or
19 more of the functions and responsibilities of a health care entity and/or network plan set forth in
20 this Act or regulations or guidance promulgated thereunder.

21 (10) "Emergency services" or "emergent services" means those resources provided in the
22 event of the sudden onset of a medical, behavioral health or other health condition that the absence
23 of immediate medical attention could reasonably be expected, by a prudent layperson, to result in
24 placing the patient's health in serious jeopardy, serious impairment to bodily or mental functions,
25 or serious dysfunction of any bodily organ or part.

26 (11) "Health benefit plan" or "health plan" means a policy, contract, certificate or
27 agreement entered into, offered or issued by a health care entity to provide, deliver, arrange for,
28 pay for or reimburse any of the costs of health care services.

29 (12) "Health care entity" means an insurance company licensed, or required to be licensed,
30 by the state of Rhode Island or other entity subject to the jurisdiction of the commissioner or the
31 jurisdiction of the department of business regulation that contracts or offers to contract, or enters
32 into an agreement to provide, deliver, arrange for, pay for or reimburse any of the costs of health
33 care services, including without limitation, a for-profit or nonprofit hospital, medical or dental
34 service corporation or plan, a health maintenance organization, a health insurance company, or any

1 other entity providing health insurance, accident and sickness insurance, health benefits or health
2 care services.

3 (13) "Health care services" means and includes, but is not limited to, an admission,
4 diagnostic procedure, therapeutic procedure, treatment, extension of stay, the ordering and/or filling
5 of formulary or non-formulary medications, and any other medical, behavioral, dental, vision care
6 services, activities, or supplies that are covered by the beneficiary's health benefit plan.

7 (14) "Most favored rate clause" means a provision in a provider contract whereby the rates
8 or fees to be paid by a health care entity are fixed, established, or adjusted to be equal to or lower
9 than the rates or fees paid to the provider by any other health care entity.

10 (15) "Network" means the group or groups of participating providers providing health care
11 services under a network plan.

12 (16) "Network Plan" means a health benefit plan or health plan that either requires a
13 beneficiary to use, or creates incentives, including financial incentives, for a beneficiary to use the
14 providers managed, owned, under contract with or employed by the health care entity.

15 (17) "Office" means the office of the health insurance commissioner.

16 (18) "Professional provider" means an individual provider or health care professional
17 licensed, accredited, or certified to perform specified health care services consistent with state law
18 and who provides these health care services and is not part of a separate facility or institutional
19 contract.

20 (19) "Provider" means a physician, hospital, professional provider, pharmacy, laboratory,
21 dental, medical or behavioral health provider, or other state licensed or other state recognized
22 provider of health care or behavioral health services or supplies.

23 (20) "Tiered network" means a network that identifies and groups some or all types of
24 providers into specific groups to which different provider reimbursement, beneficiary cost-sharing
25 or provider access requirements, or any combination thereof, apply for the same services.

26 **27-18.8-3. Certification of network plans.**

27 **(a) Certification and Recertification Process.**

28 (1) A health care entity operating a network plan shall not enroll consumers into its plan
29 unless the office has certified the network plan meeting the requirements herein.

30 (2) The commissioner shall act upon the health care entities' completed applications for
31 certification of network plans, as determined by the commissioner, within ninety (90) calendar days
32 of receipt of such applications for certification.

33 (3) To ensure compliance, the commissioner shall establish procedures for the periodic
34 review and recertification of network plans at least every three (3) years provided, however, that

1 the commissioner may review the certification a network plan at any time and/or may require
2 periodic compliance attestation from a health care entity if, in the commissioner's discretion, he or
3 she deems it appropriate to do so.

4 (4) Cost of certification. The total cost of obtaining and maintaining a certificate under this
5 title and in compliance with the requirements of the applicable rules and regulations shall be borne
6 by the applicant and shall include one hundred fifty percent (150%) of the total salaries paid to the
7 personnel engaged in certifications and ensuring compliance with the requirements herein and the
8 applicable rules and regulations. These monies shall be paid to the commissioner to and for the use
9 of the office and shall be in addition to any taxes and fees otherwise payable to the state.

10 (b) General requirements. The commissioner shall establish standards and procedures for
11 the certification of network plans that have demonstrated the ability to ensure that health care
12 services will be provided in a manner to assure availability and accessibility, adequate personnel
13 and facilities, and continuity of service, and have demonstrated arrangements for ongoing quality
14 assurance programs regarding care processes and outcomes. These standards shall consist of, but
15 are not limited to, the following:

16 (1) As to each network plan, a health care entity must demonstrate it has a mechanism for
17 beneficiaries and providers to appeal and grieve decisions and actions of the network plan and/or
18 health care entity, including decisions or actions made by a delegate of the health care entity in
19 relation to the network plan;

20 (2) As to each network plan, a health care entity must maintain a comprehensive list of
21 participating providers that meets the requirements herein and provides additional information
22 relevant to network adequacy;

23 (3) In the event of any substantial systemic changes in the health care entity, network plan
24 or any relevant delegate's certification information on file with the office, the health care entity
25 shall submit notice and explanation of this change for approval by the commissioner at least thirty
26 (30) calendar days prior to implementation of any such change;

27 (4) As to each network plan, a health care entity shall maintain a complaint resolution
28 process acceptable to the office, whereby beneficiaries, their authorized representatives, their
29 physicians, or other health care providers may seek resolution of complaints and other matters of
30 which the health care entity has received oral or written notice;

31 (5) As to each network plan, a health care entity shall be required to establish a mechanism,
32 under which providers, including local providers participating in the network plans, provide input
33 into the plan's health care policy, including technology, medications and procedures, utilization
34 review criteria and procedures, quality and credentialing criteria, and medical management

1 procedures;

2 (6) As to each network plan, a health care entity shall be required to establish a mechanism
3 under which beneficiaries provide input into the health care entity's procedures and processes
4 regarding the delivery of health care services; and

5 (7) As to each network plan, a health care entity must maintain a process, policies and
6 procedures for the modification of formularies to include notices to beneficiaries and providers
7 when formularies change in accordance with all state and federal laws.

8 (c) Network requirements. For each network plan, health care entities must ensure the
9 following requirements are met:

10 (1) Maintain access to professional, facility and other providers sufficient to provide
11 coverage in a timely manner, of the benefits covered in the network plan and in a manner to assure
12 that all covered services will be accessible without unreasonable delay;

13 (2) Establish a process acceptable to the commissioner to monitor the status of each
14 network plan's network adequacy not less frequently than quarterly;

15 (3) Establish and maintain a transition of care policy and process when a network has been
16 narrowed, tiered, and/or providers (facilities and professional) have terminated contracts with the
17 health care entity for that network plan;

18 (4) Establish a mechanism to provide the beneficiaries and consumers with up to date
19 information on providers, in a form acceptable to the commissioner, to include:

20 (i) Location by city, town, county;

21 (ii) Specialty practice areas;

22 (iii) Affiliations/Admission Privileges with facilities, including whether those facilities are
23 in-network facilities; and

24 (iv) Whether the provider is accepting new patients.

25 (d) Contracting and credentialing requirements.

26 (1) A health care entity shall not refuse to contract with or compensate for covered services
27 an otherwise eligible provider or non-participating provider solely because that provider has, in
28 good faith, communicated with one or more of their patients regarding the provisions, terms, or
29 requirements of the health care entity's products as they relate to the needs of that provider's
30 patients.

31 (2) The health care entity or network plan provider contracting and credentialing process
32 shall include the following:

33 (i) This credentialing process shall begin upon acceptance of a completed application from
34 a provider to the health care entity or network plan for inclusion;

1 (ii) Each application shall be reviewed by the health care entity's or network plan's
2 credentialing body; and

3 (iii) All health care entities or network plans shall develop and maintain credentialing
4 criteria to be utilized in adding to provider networks. Credentialing criteria shall be based on input
5 from providers credentialed in the health care entity or network plan and these standards shall be
6 available to applicants. When economic considerations are part of the decisions, the criteria must
7 be available to applicants. Any economic profiling must factor the specialty, utilization and practice
8 patterns and general information comparing the applicant to their peers in the same specialty will
9 be made available. Any economic profiling of providers must be adjusted to recognize case mix,
10 severity of illness, age of patients and other features of a provider's practice that may account for
11 higher than or lower than expected costs. Profiles must be made available to those so profiled.

12 (3) A health care entity or network plan shall not exclude a professional provider of covered
13 services from participation in its provider network based solely on:

14 (i) The professional provider's degree or license as applicable under state law; or

15 (ii) The professional provider of covered services lack of affiliation with, or admitting
16 privileges at a hospital, if that lack of affiliation is due solely to the professional provider's type of
17 license.

18 (4) As to any network plan, health care entities shall not discriminate against providers
19 solely because the provider treats a substantial number of patients who require expensive or
20 uncompensated medical care.

21 (5) The applicant shall be provided with all reasons used if the application is denied.

22 (6) Health care entities or network plans shall not be allowed to include clauses in physician
23 or other provider contracts that allow for the health care entity or network plan to terminate the
24 contract "without cause"; provided, however, cause shall include lack of need due to economic
25 considerations.

26 (7) There shall be due process for professional providers for all adverse decisions resulting
27 in a change of privileges or contractual language of a credentialed professional provider.

28 (i) The details of the health care entity or network plan's due process shall be included in
29 the professional provider contracts.

30 (ii) A health care entity or network plan is deemed to have met the adequate notice and
31 hearing requirement of this section with respect to a professional provider if the following
32 conditions are met (or are waived voluntarily by the professional provider):

33 (A) The professional provider shall be notified of the proposed actions and the reasons for
34 the proposed action;

1 (B) The professional provider shall be given the opportunity to contest the proposed action;
2 and

3 (C) The health care entity has developed an appeals process that has reasonable time limits
4 for the resolution of the appeal.

5 (8) A health care entity or network plan shall not include a most favored rate clause in a
6 provider contract.

7 (9) A health entity or network plan may materially modify the terms of a participating
8 agreement it maintains with a professional provider only if it disseminates, in writing, by mail or
9 by electronic means to the professional provider, the contents of the proposed modification and an
10 explanation, in non-technical terms, of the modification's impact.

11 (10) The health care entity or network plan shall provide the professional provider an
12 opportunity to amend or terminate the professional provider contract within sixty (60) calendar
13 days of receipt of the notice of modification. Any termination of a professional provider contract
14 made pursuant to this section shall be effective fifteen (15) calendar days from the mailing of the
15 notice of termination, in writing, by mail to the health care entity or network plan. The termination
16 shall not affect the method of payment or reduce the amount of reimbursement to the professional
17 provider by the health care entity or network plan for any beneficiary in active treatment for an
18 acute medical condition at the time the beneficiary's professional provider terminates their
19 professional provider contract with the health care entity or network plan until the active treatment
20 is concluded or, if earlier, one year after the termination; and, with respect to the beneficiary, during
21 the active treatment period the professional provider shall be subject to all the terms and conditions
22 of the terminated professional provider contract, including, but not limited to, all reimbursement
23 provisions which limit the beneficiary's liability.

24 **27-18.8-4. Contracts with providers for dental services.**

25 (a) No contract between a dental plan of a health care entity and a dentist for the provision
26 of services to beneficiaries may require that a dentist provide services to its patients at a fee set by
27 the health care entity unless said services are covered services under the applicable subscriber
28 agreement. "Covered services," as used herein, means services reimbursable under the applicable
29 beneficiary agreement, subject to such contractual limitations on beneficiary benefits as may apply,
30 including, for example, deductibles, waiting period or frequency limitations.

31 **27-18.8-5. Contracts with providers and optometric services.**

32 (a) No contract between an eye care provider and a health care entity or vision plan may
33 require that an eye care provider provide services or materials to its beneficiaries at a fee set by the
34 insurer or vision plan, unless the insurer or vision plan compensates the eye care provider for the

1 provision of such services or materials to the beneficiary. Reimbursement paid by the insurer or
2 vision plan for covered services and materials shall not provide nominal reimbursement in order to
3 claim that services and materials are covered services.

4 (b)(1) "Services" means services and materials for which reimbursement from the vision
5 plan is provided for by a beneficiary's plan contract, or for which a reimbursement would be
6 available but for the application of the beneficiary's contractual limitations of deductibles,
7 copayments, or coinsurance.

8 (2) "Materials" means and includes, but is not limited to, lenses, devices containing lenses,
9 prisms, lens treatments and coatings, contact lenses, orthoptics, vision training, and prosthetic
10 devices to correct, relieve, or treat defects or abnormal conditions of the human eye or its adnexa.

11 (3) "Eye care provider" means an optometrist, optician, or ophthalmologist.

12 **27-18.8-6. Reporting requirements.**

13 The office shall establish reporting requirements to determine if health care entities and/or
14 network plans are in compliance with the provisions of this chapter and applicable regulations as
15 well as in compliance with applicable federal law.

16 **27-18.8-7. Rules and regulations.**

17 The health insurance commissioner may promulgate such rules and regulations as are
18 necessary and proper to effectuate the purpose and for the efficient administration and enforcement
19 of this chapter.

20 **27-18.8-8. Denial, suspension, or revocation of certificate.**

21 Adopted pursuant to this chapter:

22 (a) The office may deny a certificate or certification upon review of the application if, upon
23 review of the application, it finds that the applicant proposing to establish a network plan does not
24 meet the standards required by this chapter or by any regulations promulgated pursuant to this
25 chapter.

26 (b) The office may revoke or suspend a certificate or certification and/or impose monetary
27 penalties not less than one hundred dollars (\$100) and not to exceed fifty thousand dollars (\$50,000)
28 per violation and/or impose an order requiring a monetary restitution or disgorgement payment in
29 an amount determined by the commissioner to reasonably reflect the amount of damages caused or
30 monies improperly obtained in any case in which:

31 (1) The network plan and or health care entity fails to comply with the requirements of this
32 chapter or of regulations;

33 (2) The network plan and or health care entity fails to comply with the criteria used by it
34 in its application for a certificate or certification; or

1 (3) The network plan and/or health care entity refuses to permit or fails to reasonably
2 cooperate with an examination by the commissioner to determine compliance with the requirements
3 of this chapter and regulations promulgated pursuant to the authority granted to the commissioner
4 in this chapter. These determinations may involve consideration of any written grievances filed
5 with the office against the network plan or health care entity by patients or providers.

6 (c) Any applicant for certification or certificate holder aggrieved by an order or a decision
7 of the commissioner made under this chapter without a hearing may, within thirty (30) days after
8 notice of the order or decision, make a written request to the office for a hearing on the order or
9 decision pursuant to §42-35-15.

10 (d) The procedure governing hearings authorized by this section shall be in accordance
11 with §§42-35-9 through 42-35-13 as stipulated in §42-35-14(a). A full and complete record shall
12 be kept of all proceedings, and all testimony shall be recorded but need not be transcribed unless
13 the decision is appealed pursuant to §42-35-15. A copy or copies of the transcript may be obtained
14 by any interested party upon payment of the cost of preparing the copy or copies. Witnesses may
15 be subpoenaed by either party.

16 **27-18.8-9. Penalties and enforcement.**

17 For the purposes of this chapter, in addition to the provisions of §27-18.8-8, a health care
18 entity or any person or entity conducting any activities requiring certification under this chapter
19 shall be subject to the penalty and enforcement provisions of title 27 and chapters 14 and 14.5 of
20 title 42 and the regulations promulgated thereunder in the same manner as a licensee or any person
21 or entity conducting any activities requiring licensure or certification under title 27.

22 **27-18.8-10. Severability.**

23 If any section, clause, or provision of this chapter shall be held either unconstitutional or
24 ineffective in whole or in part, to the extent that it is not unconstitutional or ineffective, it shall be
25 valid and effective and no other section, clause or provision shall on account thereof be termed
26 invalid or ineffective.

27 SECTION 5. Title 27 of the General Laws entitled "INSURANCE" is hereby amended by
28 adding thereto the following chapter:

29 CHAPTER 18.9

30 BENEFIT DETERMINATION AND UTILIZATION REVIEW ACT

31 **27-18.9-1. Purpose of chapter.**

32 (a) The purpose of this chapter is to:

33 (1) Promote the delivery of quality health care in a cost effective manner;

34 (2) Foster greater coordination between health care providers, patients, health care entities,

1 health benefit plans and utilization review entities to ensure public health well-being:

2 (3) Protect beneficiaries, businesses, and providers by ensuring that review agents are
3 qualified to perform review activities and to make informed decisions on the medical necessity and
4 appropriateness of medical care;

5 (4) Ensure that review agents maintain the confidentiality of medical records in accordance
6 with applicable state and federal laws; and

7 (5) Interface and maintain compliance with federal benefit determination and adverse
8 benefit determination requirements.

9 (b) Nothing in this chapter is intended to prohibit or discourage the health insurance
10 commissioner from consulting or collaborating with the department of health, or any other state or
11 federal agency, to the extent the commissioner in his or her discretion determines such consultation
12 and or collaboration is necessary and or appropriate for the administration and enforcement of this
13 chapter.

14 **27-18.9-2. Definitions.**

15 As used in this chapter, the following terms are defined as follows:

16 (1) "Adverse benefit determination" means a decision not to authorize a health care service,
17 including a denial, reduction, or termination of, or a failure to provide or make a payment, in whole
18 or in part, for a benefit. A decision by a utilization review agent to authorize a health care service
19 in an alternative setting, a modified extension of stay, or an alternative treatment shall not constitute
20 an adverse determination if the review agent and provider are in agreement regarding the decision.

21 Adverse benefit determinations include:

22 (i) "Administrative adverse benefit determinations," meaning any adverse benefit
23 determination that does not require the use of medical judgment or clinical criteria such as a
24 determination of an individual's eligibility to participate in coverage, a determination that a benefit
25 is not a covered benefit, or any rescission of coverage; and

26 (ii) "Non-administrative adverse benefit determinations," meaning any adverse benefit
27 determination that requires or involves the use of medical judgement or clinical criteria to
28 determine whether the service being reviewed is medically necessary and/or appropriate. This
29 includes the denial of treatments determined to be experimental or investigational, and any denial
30 of coverage of a prescription drug because that drug is not on the health care entity's formulary.

31 (2) "Appeal" or "internal appeal" means a subsequent review of an adverse benefit
32 determination upon request by a claimant to include the beneficiary or provider to reconsider all or
33 part of the original adverse benefit determination.

34 (3) "Authorization" means a review by a review agent, performed according to this Act,

1 concluding that the allocation of health care services ordered by a provider, given or proposed to
2 be given to a beneficiary, was approved or authorized.

3 (4) "Authorized representative" means an individual acting on behalf of the beneficiary and
4 shall include the ordering provider, any individual to whom the beneficiary has given express
5 written consent to act on his or her behalf, a person authorized by law to provide substituted consent
6 for the beneficiary and, when the beneficiary is unable to provide consent, a family member of the
7 beneficiary.

8 (5) "Beneficiary" means a policy holder subscriber, enrollee or other individual
9 participating in a health benefit plan.

10 (6) "Benefit determination" means a decision to approve or deny a request to provide or
11 make payment for a health care service or treatment.

12 (7) "Certificate" means a certificate granted by the commissioner to a review agent meeting
13 the requirements of this act.

14 (8) "Claim" means a request for plan benefit(s) made by a claimant in accordance with the
15 health care entity's reasonable procedures for filing benefit claims. This shall include pre-service,
16 concurrent and post-service claims.

17 (9) "Claimant" means a health care entity participant, beneficiary, and/or authorized
18 representative who makes a request for plan benefit(s).

19 (10) "Commissioner" means the health insurance commissioner.

20 (11) "Complaint" means an oral or written expression of dissatisfaction by a beneficiary,
21 authorized representative, or a provider. The appeal of an adverse benefit determination is not
22 considered a complaint.

23 (12) "Concurrent assessment" means an assessment of health care services conducted
24 during a beneficiary's hospital stay, course of treatment or services over a period of time or for the
25 number of treatments. If the medical problem is ongoing, this assessment may include the review
26 of services after they have been rendered and billed.

27 (13) "Concurrent claim" means a request for a plan benefit(s) by a claimant that is for an
28 ongoing course of treatment or services over a period of time or for the number of treatments.

29 (14) "Delegate" means a person or entity authorized pursuant to a delegation of authority
30 or re-delegation of authority, by a health care entity or network plan to perform one or more of the
31 functions and responsibilities of a health care entity and/or network plan set forth in this Act or
32 regulations or guidance promulgated thereunder.

33 (15) "Emergency services" or "emergent services" means those resources provided in the
34 event of the sudden onset of a medical, behavioral health or other health condition that the absence

1 of immediate medical attention could reasonably be expected, by a prudent layperson, to result in
2 placing the patient's health in serious jeopardy, serious impairment to bodily or mental functions,
3 or serious dysfunction of any bodily organ or part.

4 (16) "External review" means a review of a non-administrative adverse benefit
5 determination (including final internal adverse benefit determination) conducted pursuant to an
6 applicable external review process performed by an Independent Review Organization

7 (17) "Final internal adverse benefit determination" means an adverse benefit determination
8 that has been upheld by a plan or issuer at the completion of the internal appeals process or when
9 the internal appeals process has been deemed exhausted as defined in §27-18.9-7(b)(1) of this act.

10 (18) "External review decision" means a determination by an independent review
11 organization at the conclusion of the external review.

12 (19) "Health benefit plan" or "health plan" means a policy, contract, certificate or
13 agreement entered into, offered or issued by a health care entity to provide, deliver, arrange for,
14 pay for or reimburse any of the costs of health care services.

15 (20) "Health care entity" means an insurance company licensed, or required to be licensed,
16 by the state of Rhode Island or other entity subject to the jurisdiction of the commissioner or the
17 jurisdiction of the department of business regulation pursuant to chapter 62 of title 42, that contracts
18 or offers to contract, or enters into an agreement to provide, deliver, arrange for, pay for or
19 reimburse any of the costs of health care services, including without limitation, a for-profit or
20 nonprofit hospital, medical or dental service corporation or plan, a health maintenance organization,
21 a health insurance company, or any other entity providing a plan of health insurance, accident and
22 sickness insurance, health benefits or health care services.

23 (21) "Health care services" means and includes, but is not limited to, an admission,
24 diagnostic procedure, therapeutic procedure, treatment, extension of stay, the ordering and/or filling
25 of formulary or non-formulary medications, and any other medical, behavioral, dental, vision care
26 services, activities, or supplies that are covered by the beneficiary's health benefit plan.

27 (22) "Independent review organization" or "IRO" means an entity that conducts
28 independent external reviews of adverse benefit determinations or final internal adverse benefit
29 determinations.

30 (23) "Network" means the group or groups of participating providers providing health care
31 services under a network plan.

32 (24) "Network plan" means a health benefit plan or health plan that either requires a
33 beneficiary to use, or creates incentives, including financial incentives, for a beneficiary to use the
34 providers managed, owned, under contract with or employed by the health care entity.

1 (25) "Office" means the office of the health insurance commissioner.

2 (26) "Professional provider" means an individual provider or health care professional
3 licensed, accredited, or certified to perform specified health care services consistent with state law
4 and who provides health care services and is not part of a separate facility or institutional contract.

5 (27) "Prospective assessment" and/or "pre-service assessment" mean an assessment of
6 health care services prior to services being rendered.

7 (28) "Pre-service claim" means the request for a plan benefit(s) by a claimant prior to a
8 services being rendered and is not considered a concurrent claim.

9 (29) "Provider" means a physician, hospital, professional provider, pharmacy, laboratory,
10 dental, medical or behavioral health provider or other state licensed or other state recognized
11 provider of health care or behavioral health services or supplies.

12 (30) "Retrospective assessment" and/or "post service assessment" means an assessment of
13 health care services that have been rendered. This shall not include reviews conducted when the
14 review agency has been obtaining ongoing information.

15 (31) "Retrospective claim" or "post-service claim" means any claim for a health plan
16 benefit that is not a pre-service or concurrent claim.

17 (32) "Review agent" means a person or health care entity performing benefit determination
18 reviews that is either employed by, affiliated with, under contract with, or acting on behalf of a
19 health care entity.

20 (33) "Same or similar specialty" means a practitioner who has the appropriate training and
21 experience that is the same or similar as the attending provider in addition to experience in treating
22 the same problems to include any potential complications as those under review.

23 (34) "Therapeutic interchange" means the interchange or substitution of a drug with a
24 dissimilar chemical structure within the same therapeutic or pharmacological class that can be
25 expected to have similar outcomes and similar adverse reaction profiles when given in equivalent
26 doses, in accordance with protocols approved by the president of the medical staff or medical
27 director and the director of pharmacy.

28 (35) "Tiered network" means a network that identifies and groups some or all types of
29 providers into specific groups to which different provider reimbursement, beneficiary cost-sharing
30 or provider access requirements, or any combination thereof, apply for the same services.

31 (36) "Urgent health care services" includes those resources necessary to treat a
32 symptomatic medical, mental health, substance use or other health care condition that a prudent
33 layperson, acting reasonably would believe necessitates treatment within a twenty-four (24) hour
34 period of the onset of such a condition in order that the patient's health status not decline as a

1 consequence. This does not include those conditions considered to be emergent health care services
2 as defined in in this section.

3 (37) "Utilization review" means the prospective, concurrent, or retrospective assessment
4 of the medical necessity and/or appropriateness of the allocation of health care services of a
5 provider, given or proposed to be given, to a beneficiary. Utilization review does not include:

6 (i) The therapeutic interchange of drugs or devices by a pharmacy operating as part of a
7 licensed inpatient health care facility; or

8 (ii) The assessment by a pharmacist licensed pursuant to the provisions of chapter 19 of
9 title 5, and practicing in a pharmacy operating as part of a licensed inpatient health care facility, in
10 the interpretation, evaluation and implementation of medical orders, including assessments and/or
11 comparisons involving formularies and medical orders.

12 (38) "Utilization review plan" means a description of the standards governing utilization
13 review activities performed by a review agent.

14 **27-18.9-3. Certification and recertification of review agents.**

15 (a) A review agent shall not conduct benefit determination reviews in the state unless the
16 office has granted the review agent a certificate.

17 (b) Individuals shall not be required to hold a separate review agent certification under this
18 chapter when acting as either an employee of, an affiliate of, a contractor for, or otherwise acting
19 on behalf of a certified review agent.

20 (c) The commissioner shall establish a process for the certification of review agents
21 meeting the requirements of certification.

22 (d) The commissioner shall establish procedures for the periodic review and recertification
23 of review agents at least every three (3) years.

24 (e) A certificate issued under this chapter is not transferable, and the transfer of fifty percent
25 (50%) or more of the ownership of a review agent shall be deemed a transfer.

26 (f) The office shall issue a review agent certificate to an applicant that has met the minimum
27 standards defined in this chapter, and regulations promulgated in accordance with it, including the
28 payment of any fees as required, and other applicable regulations of the office.

29 (g) In the event of any systemic changes in the review agent certification information on
30 file with the office, the review agent shall submit notice and explanation of this change for approval
31 by the commissioner at least thirty (30) calendar days prior to implementation of any such change.

32 (h) The total cost of obtaining and maintaining a review agent certification under this title
33 and in compliance with the requirements of the applicable rules and regulations shall be borne by
34 the applicant and shall include one hundred fifty percent (150%) of the total salaries paid to the

1 personnel engaged in certifications and ensuring compliance with the requirements herein and
2 applicable rules and regulations. These monies shall be paid to the commissioner to and for the use
3 of the office and shall be in addition to any taxes and fees otherwise payable to the state.

4 (i) Notwithstanding any other provision of law, the review agent, the office, and all other
5 parties privy to information which is the subject of this chapter shall comply with all state and
6 federal confidentiality laws, including, but not limited to, chapter 37.3 of title 5 (confidentiality of
7 health care communications and information act) and specifically §5-37.3-4(c), which requires
8 limitation on the distribution of information which is the subject of this chapter on a "need to know"
9 basis, and §40.1-5-26.

10 (j) The office may, in response to a complaint or inquiry, review a benefit determination or
11 appeal and may request information of the review agent, provider or beneficiary regarding the
12 status, outcome or rationale regarding any decision. The review agent shall promptly respond to
13 any such requests by the office.

14 (k) The office shall adopt regulations necessary to implement the provisions of this chapter.

15 **27-18.9-4. Application requirements.**

16 An application for review agent certification or recertification shall include, but is not
17 limited to, documentation to evidence the following:

18 (a) Administrative and Non-Administrative Benefit Determinations:

19 (1) That the health care entity or its review agent provide beneficiaries and providers with
20 a summary of its benefit determination review programs and adverse benefit determination criteria
21 in a manner acceptable to the commissioner that includes a summary of the standards, procedures
22 and methods to be used in evaluating proposed, concurrent or delivered health care services;

23 (2) The circumstances, if any, under which review agent may be delegated to and evidence
24 that the delegated review agent is a certified review agent pursuant to the requirements of this act;

25 (3) A complaint resolution process acceptable to the commissioner, whereby beneficiaries
26 or other health care providers may seek resolution of complaints and other matters of which the
27 review agent has received notice;

28 (4) Policies and procedures to ensure that all applicable state and federal laws to protect
29 the confidentiality of individual medical records are followed;

30 (5) Requirements that no employee of, or other individual rendering an adverse benefit
31 determination or appeal decision may receive any financial or other incentives based upon the
32 number of denials of certification made by that employee or individual;

33 (6) Evidence that the review agent has not entered into a compensation agreement or
34 contract with its employees or agents whereby the compensation of its employees or its agents is

1 based, directly or indirectly, upon a reduction of services or the charges for those services, the
2 reduction of length of stay, or use of alternative treatment settings;

3 (7) An adverse benefit determination and internal appeals process consistent with chapter
4 18.9 of title 27 and acceptable to the office, whereby beneficiaries, their physicians, or other health
5 care service providers may seek prompt reconsideration or appeal of adverse benefit determinations
6 by the review agent according to all state and federal requirements; and

7 (8) That the health care entity or its review agent has a mechanism to provide the
8 beneficiary or claimant with a description of its claims procedures and any procedures for obtaining
9 approvals as a prerequisite for obtaining a benefit or for obtaining coverage for such benefit. This
10 description should at a minimum be placed in the summary of benefits document and available on
11 the review agent's or the relevant health care entity's website and upon request from the claimant,
12 his/her authorized representative and ordering providers.

13 (b) Non-administrative benefit determinations general requirements:

14 (1) Type and qualifications of personnel (employed or under contract) authorized to
15 perform utilization review, including a requirement that only a provider with the same license status
16 as the ordering professional provider or a licensed physician or dentist, is permitted to make a
17 prospective or concurrent utilization review adverse benefit determinations;

18 (2) Requirement that a representative of the utilization review agent is reasonably
19 accessible to beneficiaries and providers at least five (5) days a week during normal business hours
20 in Rhode Island and during the hours of the agency's operations when conducting utilization review;

21 (3) Policies and procedures regarding the notification and conduct of patient interviews by
22 the utilization review agent to include a process and assurances that such interviews do not disrupt
23 care; and

24 (4) Requirement that the utilization review agent shall not impede the provision of health
25 care services for treatment and/or hospitalization or other use of a provider's services or facilities
26 for any beneficiary.

27 **27-18.9-5. Administrative and non-administrative benefit determination procedural**
28 **requirements.**

29 (a) Procedural failure by claimant.

30 (1) In the event of the failure of claimant or an authorized representative to follow the
31 health care entities claims procedures for a pre-service claim the health care entity or its review
32 agent must:

33 (i) Notify claimant or the authorized representative, as appropriate, of this failure as soon
34 as possible and no later than five (5) calendar days following the failure and this notification must

1 also inform claimant of the proper procedures to file a pre-service claim; and

2 (ii) Notwithstanding the above, if the pre-service claim relates to urgent or emergent health
3 care services, the health care entity or its review agent must notify and inform claimant or the
4 authorized representative, as appropriate, of the failure and proper procedures within twenty-four
5 (24) hours following the failure. Notification may be oral, unless written notification is requested
6 by the claimant or authorized representative.

7 (2) Claimant must have stated name, specific medical condition or symptom and specific
8 treatment, service, or product which approval is requested and submitted to proper claim processing
9 unit.

10 (b) Utilization review agent procedural requirements:

11 (1) All initial, prospective, and concurrent non-administrative adverse benefit
12 determinations of a health care service that had been ordered by a physician, dentist or other
13 practitioner shall be made, documented, and signed by a licensed practitioner with the same
14 licensure status as the ordering provider;

15 (2) Utilization review agents are not prohibited from allowing appropriately qualified
16 review agency staff from engaging in discussions with the attending provider, the attending
17 provider's designee or appropriate health care facility and office personnel regarding alternative
18 service and/or treatment options. Such a discussion shall not constitute an adverse benefit
19 determination; provided, however, that any change to the attending provider's original order and/or
20 any decision for an alternative level of care must be made and/or appropriately consented to by the
21 attending provider or the provider's designee responsible for treating the beneficiary and must be
22 documented by the review agent; and

23 (3) A utilization review agent shall not retrospectively deny authorization for health care
24 services provided to a covered person when an authorization has been obtained for that service
25 from the review agent unless the approval was based upon inaccurate information material to the
26 review or the health care services were not provided consistent with the provider's submitted plan
27 of care and/or any restrictions included in the prior approval granted by the review agent.

28 **27-18.9-6. Non-administrative benefit determination notifications.**

29 (a) Benefit determination notification timelines. A health care entity and/or its review agent
30 shall comply with the following:

31 (1) For urgent or emergent health care services benefit determinations (adverse or non-
32 adverse) shall be made as soon as possible taking into account exigencies but not later than 72 hours
33 after receipt of the claim.

34 (2) For concurrent claims (adverse or non-adverse), no later than twenty-four (24) hours

1 after receipt of the claim and prior to the expiration of the period of time or number of treatments.
2 The claim must have been made to the health care entity or review agent at least twenty-four (24)
3 hours prior to the expiration of the period of time or number of treatments.

4 (3) For pre-service claims (adverse or non-adverse), within a reasonable period of time
5 appropriate to the medical circumstances, but not later than fifteen (15) calendar days after the
6 receipt of the claim. This may be extended up to fifteen (15) additional calendar days if required
7 by special circumstances and claimant is noticed within the first fifteen (15) calendar-day period.

8 (4) For post-service claims adverse benefit determination no later than thirty (30) calendar
9 days after the receipt of the claim. This may be extended for fifteen (15) calendar days if
10 substantiated and claimant is noticed within the first thirty (30) calendar day period.

11 (5) Provision in the event of insufficient information from a claimant.

12 (i) For urgent or emergent care, the health care entity or review agent must notify claimant
13 as soon as possible, depending on exigencies, but no later than twenty-four (24) hours after receipt
14 of claim giving specifics as to what information is needed. The health care entity or review agent
15 must allow claimant at least forty-eight (48) hours to send additional information. The health care
16 entity or review agent must provide benefit determination as soon as possible and no later than
17 forty-eight (48) hours after receipt of necessary additional information or end of period afforded to
18 the claimant to provide additional information, whichever is earlier.

19 (ii) For pre-service and post-service claims the notice by the health care entity or review
20 agent must include what specific information is needed. The claimant has forty-five (45) calendar
21 days from receipt of notice to provide information.

22 (iii) Timelines for decisions, in the event of insufficient information, are paused from the
23 date on which notice is sent to the claimant and restarted when the claimant responds to the request
24 for information.

25 (b) Adverse benefit determination notifications form and content requirements. Health care
26 entities and review agents shall comply with form and content notification requirements, to include
27 the following:

28 (1) Notices may be written or electronic with reasonable assurance of receipt by claimant
29 unless urgent or emergent. When urgent or emergent, oral notification is acceptable, absent a
30 specific request by claimant for written or electronic notice written, followed by written or
31 electronic notification within three (3) calendar days.

32 (2) Notification content shall:

33 (i) Be culturally and linguistically appropriate;

34 (ii) Provide details of a claim that is being denied to include date of service, provider,

1 amount of claim, a statement describing the availability, upon request, of the diagnosis code and
2 its corresponding meaning, and the treatment code and its corresponding meaning as applicable.

3 (iii) Give specific reason or reasons for the adverse benefit determination;

4 (iv) Include the reference(s) to specific health benefit plan or review agent provisions,
5 guideline, protocol or criterion on which the adverse benefit determination is based;

6 (v) If the decision is based on medical necessity, clinical criteria or experimental treatment
7 or similar exclusion or limit, then notice must include the scientific or clinical judgment for the
8 adverse determination;

9 (vi) Provide information for the beneficiary as to how to obtain copies of any and all
10 information relevant to denied claim free of charge;

11 (vii) Describe the internal and external appeal processes, as applicable, to include all
12 relevant review agency contacts and OHIC's consumer assistance program information;

13 (viii) Clearly state timeline that the claimant has at least one hundred eighty (180) calendar
14 days following the receipt of notification of an adverse benefit determination to file an appeal; and

15 (ix) Be written in a manner to convey clinical rationale in lay person terms when appropriate
16 based on clinical condition and age and in keeping with federal and state laws and regulations.

17 **27-18.9-7. Internal appeal procedural requirements.**

18 (a) Administrative and non-administrative appeals. The review agent shall conform to the
19 following for the internal appeal of administrative or non-administrative adverse benefit
20 determinations:

21 (1) The review agent shall maintain and make available a written description of its appeal
22 procedures by which either the beneficiary or the provider of record may seek review of
23 determinations not to authorize health care services.

24 (2) The process established by each review agent may include a reasonable period within
25 which an appeal must be filed to be considered and that period shall not be less than one hundred
26 eighty (180) calendar days after receipt of the adverse benefit determination notice.

27 (3) During the appeal, a review agent may utilize a reconsideration process in assessing an
28 adverse benefit determination. If utilized, the review agent shall develop a reasonable
29 reconsideration and appeal process, in accordance with this section. For non-administrative adverse
30 benefit determinations, the period for the reconsideration may not exceed fifteen (15) days from
31 the date the request for reconsideration or appeal is received. The review agent shall notify the
32 beneficiary and/or provider of the reconsideration determination with the form and content
33 described in §27-18.9-6(b), as appropriate. Following the decision on reconsideration, the
34 beneficiary and/or provider shall have a period of forty-five (45) calendar days during which the

1 beneficiary and/or provider may request an appeal of the reconsideration decision and/or submit
2 additional information.

3 (4) Prior to a final internal appeal decision, the review agent must allow the claimant to
4 review the entire adverse determination and appeal file and allow the claimant to present evidence
5 and/or additional testimony as part of the internal appeal process.

6 (5) A review agent is only entitled to request and review information or data relevant to the
7 benefit determination and utilization review processes.

8 (6) The review agent shall maintain records of written adverse benefit determinations,
9 reconsiderations, appeals and their resolution, and shall provide reports as requested by the office.

10 (7)(i) The review agent shall notify, in writing, the beneficiary and/or provider of record of
11 its decision on the administrative appeal in no case later than thirty (30) calendar days after receipt
12 of the request for the review of an adverse benefit determination for pre-service claims, and sixty
13 (60) days for post-service claims, commensurate with §§29 CFR 2560.503-1(i)(2)(ii) and (iii).

14 (ii) The review agent shall notify, in writing, the beneficiary and provider of record of its
15 decision on the non-administrative appeal as soon as practical considering medical circumstances,
16 but in no case later than thirty (30) calendar days after receipt of the request for the review of an
17 adverse benefit determination, inclusive of the period to conduct the reconsideration, if any. The
18 timeline for decision on appeal is paused from the date on which the determination on
19 reconsideration is sent to the beneficiary and/or provider and restarted when the beneficiary and/or
20 provider submits additional information and/or a request for appeal of the reconsideration decision.

21 (8) The review agent shall also provide for an expedited appeal process for urgent and
22 emergent situations taking into consideration medical exigencies. Notwithstanding any other
23 provision of this chapter, each review agent shall complete the adjudication of expedited appeals,
24 including notification of the beneficiary and provider of record of its decision on the appeal, not
25 later than seventy-two (72) hours after receipt of the claimant's request for the appeal of an adverse
26 benefit determination.

27 (9) Benefits for an ongoing course of treatment cannot be reduced or terminated without
28 providing advance notice and an opportunity for advance review. The review agent or health care
29 entity is required to continue coverage pending the outcome of an appeal.

30 (10) A review agent may not disclose or publish individual medical records or any
31 confidential information obtained in the performance of benefit determination or utilization review
32 activities. A review agent shall be considered a third-party health insurer for the purposes of §5-
33 37.3-6(b)(6) and shall be required to maintain the security procedures mandated in §5-37.3-4(c).

34 (b) Non-administrative appeals. In addition to §27-18.9-7(a) utilization review agents shall

1 conform to the following for its internal appeals adverse benefit determinations:

2 (1) A claimant is deemed to have exhausted the internal claims appeal process when the
3 utilization review agent or health care entity fails to strictly adhere to all benefit determination and
4 appeal processes with respect to a claim. In this case the claimant may initiate an external appeal
5 or remedies under 502(a) of ERISA or other state and federal law, as applicable.

6 (2) No reviewer under this section, who has been involved in prior reviews or in the adverse
7 benefit determination under appeal or who has participated in the direct care of the beneficiary,
8 may participate in reviewing the case under appeal.

9 (3) All internal level appeals of utilization review determinations not to authorize a health
10 care service that had been ordered by a physician, dentist, or other provider shall be made according
11 to the following:

12 (i) The reconsideration decision of a non-administrative adverse benefit determination shall
13 not be made until the utilization review agent's professional provider with the same licensure status
14 as typically manages the condition, procedure, treatment or requested service under discussion has
15 spoken to, or otherwise provided for, an equivalent two (2)-way direct communication with the
16 beneficiary's attending physician, dentist, other professional provider, or other qualified
17 professional provider responsible for treatment of the beneficiary concerning the services under
18 review.

19 (ii) A review agent who does not utilize a reconsideration process must comply with the
20 peer review obligation described in subsection (b)(3)(i) of this section as part of the appeal process.

21 (iii) When the appeal of any adverse benefit determination, including an appeal of a
22 reconsideration decision, is based in whole or in part on medical judgment including determinations
23 with regard to whether a particular service, treatment, drug, or other item is experimental,
24 investigational or not medically necessary or appropriate, the reviewer making the appeal decision
25 must be appropriately trained having the same licensure status as the ordering provider or be a
26 physician or dentist and be in the same or similar specialty as typically manages the condition.
27 These qualifications must be provided to the claimant upon request.

28 (iv) The utilization review agency reviewer must document and sign their decisions.

29 (4) The review agent must ensure that an appropriately licensed practitioner or licensed
30 physician is reasonably available to review the case as required under §27-18.9-7 9 (b) and shall
31 conform to the following:

32 (i) Each agency peer reviewer shall have access to and review all necessary information as
33 requested by the agency and/or submitted by the provider(s) and/or beneficiaries;

34 (ii) Each agency shall provide accurate peer review contact information to the provider at

1 the time of service, if requested, and/or prior to such service, if requested. This contact information
2 must provide a mechanism for direct communication with the agency's peer reviewer; and
3 (iii) Agency peer reviewers shall respond to the provider's request for a two (2)-way direct
4 communication defined in §27-18.9-7 (b) as follows:
5 (A) For a prospective review of non-urgent and non-emergent health care services, a
6 response within one business day of the request for a peer discussion;
7 (B) For concurrent and prospective reviews of urgent and emergent health care services, a
8 response within a reasonable period of time of the request for a peer discussion; and
9 (C) For retrospective reviews, prior to the internal level appeal decision.
10 (5) The review agency will have met the requirements of a two-way direct communication,
11 when requested and/or as required prior to the internal level of appeal, when it has made two (2)
12 reasonable attempts to contact the attending provider directly. Repeated violations of this section
13 shall be deemed to be substantial violations pursuant to §27-18.9-9 and shall be cause for the
14 imposition of penalties under that section.
15 (6) For the appeal of an adverse benefit determination decision that a drug is not covered,
16 the review agent shall complete the internal appeal determination and notify the claimant of its
17 determination:
18 (i) No later than seventy-two (72) hours following receipt of the appeal request; or
19 (ii) No later than twenty-four (24) hours following the receipt of the appeal request in cases
20 where the beneficiary is suffering from a health condition that may seriously jeopardize the
21 beneficiary's life, health, or ability to regain maximum function or when an beneficiary is
22 undergoing a current course of treatment using a non-formulary drug.
23 (iii) And if approved on appeal, coverage of the non-formulary drug must be provided for
24 the duration of the prescription, including refills unless expedited then for the duration of the
25 exigency.
26 (7) The review agents using clinical criteria and medical judgment in making utilization
27 review decisions shall comply with the following:
28 (i) The requirement that each review agent shall provide its clinical criteria to OHIC upon
29 request;
30 (ii) Provide and use written clinical criteria and review procedures established according
31 to nationally accepted standards, evidence based medicine and protocols that are periodically
32 evaluated and updated or other reasonable standards required by the commissioner;
33 (iii) Establish and employ a process to incorporate and consider local variations to national
34 standards and criteria identified herein including without limitation, a process to incorporate input

1 from local participating providers; and

2 (iv) Updated description of clinical decision criteria to be available to beneficiaries,
3 providers, and the office upon request and readily available accessible on the health care entity or
4 the review agent's website.

5 (8) The review agent shall maintain records of written adverse benefit determination
6 reconsiderations and appeals to include their resolution, and shall provide reports and other
7 information as requested by the office.

8 **27-18.9-8. External appeal procedural requirements.**

9 (a) General requirements.

10 (1) In cases where the non-administrative adverse benefit determination or the final internal
11 level of appeal to reverse a non-administrative adverse benefit determination is unsuccessful, the
12 health care entity or review agent shall provide for an external appeal by an Independent Review
13 Organization (IRO) approved by the commissioner and ensure that the external appeal complies
14 with all applicable laws and regulations.

15 (2) In order to seek an external appeal, claimant must have exhausted the internal claims
16 and appeal process unless the utilization review agent or health care entity has waived the internal
17 appeal process by failing to comply with the internal appeal process or the claimant has applied for
18 expedited external review at the same time as applying for expedited internal review.

19 (3) A claimant shall have at least four (4) months after receipt of a notice of the decision
20 on a final internal appeal to request an external appeal by an IRO.

21 (4) Health care entities and review agents must use a rotational IRO registry system
22 specified by the commissioner, and must select an IRO in the rotational manner described in the
23 IRO registry system.

24 (5) A claimant requesting an external appeal may be charged no more than a twenty-five
25 dollars (\$25.00) external appeal fee by the review agent. The external appeal fee, if charged, must
26 be refunded to the claimant if the adverse benefit determination is reversed through external review.
27 The external appeal fee must be waived if payment of the fee would impose an undue financial
28 hardship on the beneficiary. In addition, the annual limit on external appeal fees for any beneficiary
29 within a single plan year (in the individual market, within a policy year) must not exceed seventy-
30 five dollars (\$75.00). Notwithstanding the aforementioned, this subsection shall not apply to
31 excepted benefits as defined in 42 U.S.C. 300 gg-91(c).

32 (6) IRO and/or the review agent and or the health care entity may not impose a minimum
33 dollar amount of a claim for a claim to be eligible for external review by an IRO.

34 (7) The decision of the external appeal by the IRO shall be binding on the health care entity

1 and/or review agent; however, any person who is aggrieved by a final decision of the external
2 appeal agency is entitled to judicial review in a court of competent jurisdiction.

3 (8) The health care entity must provide benefits (including making payment on the claim)
4 pursuant to an external review decision without delay regardless whether the health care entity or
5 review agent intends to seek judicial review of the IRO decision.

6 (9) The commissioner shall promulgate rules and regulations including, but not limited to,
7 criteria for designation, operation, policy, oversight, and termination of designation as an IRO. The
8 IRO shall not be required to be certified under this chapter for activities conducted pursuant to its
9 designation.

10 (b) The external appeal process shall include, but not be limited to, the following
11 characteristics:

12 (1) The claimant must be noticed that he/she shall have at least five (5) business days from
13 receipt of the external appeal notice to submit additional information to the IRO.

14 (2) The IRO must notice the claimant of its external appeal decision to uphold or overturn
15 the review agency decision:

16 (i) No more than ten (10) calendar days from receipt of all the information necessary to
17 complete the external review and not greater than forty-five (45) calendar days after the receipt of
18 the request for external review; and

19 (ii) In the event of an expedited external appeal by the IRO for urgent or emergent care, as
20 expeditiously as possible and no more than seventy-two (72) hours after the receipt of the request
21 for the external appeal by the IRO. Notwithstanding provisions in this section to the contrary, this
22 notice may be made orally but must be followed by a written decision within forty-eight (48) hours
23 after oral notice is given.

24 (3) For an external appeal of an internal appeal decision that a drug is not covered the IRO
25 shall complete the external appeal determination and notify the claimant of its determination:

26 (i) No later than seventy-two (72) hours following receipt of the external appeal request,
27 or;

28 (ii) No later than twenty-four (24) hours following the receipt of the external appeal request
29 if the original request was an expedited request; and

30 (iii) If approved on external appeal, coverage of the non-formulary drug must be provided
31 for the duration of the prescription, including refills, unless expedited then for the duration of the
32 exigencies.

33 (c) External appeal decision notifications. The health care entity and review agent must
34 ensure that the IRO adheres the following relative to decision notifications:

1 (1) May be written or electronic with reasonable assurance of receipt by claimant unless
2 urgent or emergent. If urgent or emergent, oral notification is acceptable followed by written or
3 electronic notification within three (3) calendar days;

4 (2) Must be culturally and linguistically appropriate;

5 (3) The details of claim that is being denied to include the date of service, provider name,
6 amount of claim, diagnostic code and treatment costs with corresponding meanings;

7 (4) Must include the specific reason or reasons for the external appeal decision;

8 (5) Must include information for claimant as to procedure to obtain copies of any and all
9 information relevant to the external appeal which copies must be provided to the claimant free of
10 charge; and;

11 (6) Must not be written in a manner that could reasonably be expected to negatively impact
12 the beneficiary.

13 **27-18.9-9. Reporting requirements.**

14 The office shall establish reporting requirements to determine if adverse benefit
15 determination and/or utilization review programs are in compliance with the provisions of this
16 chapter and applicable regulations as well as in compliance with applicable federal law.

17 **27-18.9-10. Rules and regulations.**

18 The health insurance commissioner may promulgate such rules and regulations as are
19 necessary and proper to effectuate the purpose and for the efficient administration and enforcement
20 of this chapter.

21 **27-18.9-11. Waiver of requirements.**

22 (a) The office shall waive the requirements of this chapter only when a conflict exists with
23 those activities of a review agent that are conducted pursuant to contracts with the state or the
24 federal government or those activities under other state or federal jurisdictions.

25 (b) The office shall waive de minimus activity, in accordance with the regulations adopted
26 by the commissioner.

27 **27-18.9-12. Variance of statutory requirements.**

28 Statutory variances shall be issued for a period not to exceed one year and may be subject
29 to such terms and conditions deemed necessary as determined by the commissioner. Prior to issuing
30 a statutory variance the office may provide notice and public hearing to ensure necessary
31 beneficiary and health care provider protections in the process.

32 **27-18.9-13. Denial, suspension, or revocation of certificate.**

33 Adopted pursuant to this chapter;

34 (a) The office may deny a certificate or certification upon review of the application if, upon

1 review of the application, it finds that the applicant proposing to conduct utilization review does
2 not meet the standards required by this chapter or by any regulations promulgated pursuant to this
3 chapter.

4 (b) The office may revoke or suspend a certificate or certification and/or impose monetary
5 penalties not less than one hundred dollars (\$100) and not to exceed fifty thousand dollars (\$50,000)
6 per violation and/or impose an order requiring a monetary restitution or disgorgement payment in
7 an amount determined by the commissioner to reasonably reflect the amount of damages caused or
8 monies improperly obtained in any case in which:

9 (1) The health care entity and/or review agent fails to comply with the requirements of this
10 chapter or of regulations;

11 (2) The review agent/network plan and or health care entity and/or review agent fails to
12 comply with the criteria used by it in its application for a certificate or certification; or

13 (3) The health care entity and/or review agent refuses to permit or fails to reasonably
14 cooperate with an examination by the commissioner to determine compliance with the requirements
15 of this chapter and regulations promulgated pursuant to the authority granted to the commissioner
16 in this chapter. These determinations may involve consideration of any written grievances filed
17 with the office against the health care entity and/or review agent by patients or providers.

18 (c) Any applicant or certificate or certification holder aggrieved by an order or a decision
19 of the commissioner made under this chapter without a hearing may, within thirty (30) days after
20 notice of the order or decision, make a written request to the office for a hearing on the order or
21 decision pursuant to §42-35-15.

22 (d) The procedure governing hearings authorized by this section shall be in accordance
23 with §§42-35-9 through 42-35-13 as stipulated in §42-35-14(a). A full and complete record shall
24 be kept of all proceedings, and all testimony shall be recorded but need not be transcribed unless
25 the decision is appealed pursuant to §42-35-15. A copy or copies of the transcript may be obtained
26 by any interested party upon payment of the cost of preparing the copy or copies. Witnesses may
27 be subpoenaed by either party.

28 **27-18.9-14. Penalties and enforcement.**

29 For the purposes of this chapter, in addition to the provisions of §27-18.9-13, a health care
30 entity and/or review agent or any person or entity conducting any activities requiring certification
31 under this chapter shall be subject to the penalty and enforcement provisions of title 27 and chapters
32 14 and 14.5 of title 42 and the regulations promulgated thereunder in the same manner as a licensee
33 or any person or entity conducting any activities requiring licensure or certification under title 27.

34 **27-18.9-15. Severability.**

1 If any provision of this chapter or the application of any provision to any person or
2 circumstance shall be held invalid, that invalidity shall not affect the provisions or application of
3 this chapter which can be given effect without the invalid provision or application, and to this end
4 the provisions of this chapter are declared to be severable.

5 SECTION 6. Section 36-4-34.1 of the General Laws in Chapter 36-4 entitled "Merit
6 System" is hereby amended to read as follows:

7 **36-4-34.1. Transfer of state employees.**

8 (a) The director of the department of administration (the "director") is hereby authorized
9 to transfer any employee within the executive branch who is not covered by a collective bargaining
10 unit as provided in chapter 11 of this title. Any employee may be transferred to a comparable
11 position upon the approval of the director of the department of administration and the personnel
12 administrator. The transfers may be initially authorized for a period up to one year's duration and
13 may be further extended with the approval of the personnel administrator (the "personnel
14 administrator").

15 (b) Within seven (7) days of making a transfer of an employee or further extending the
16 duration of a transfer as provided by subsection (a), the director making the transfer or the personnel
17 administrator extending the transfer shall file a written report with the speaker of the house, the
18 senate president, and the chairpersons of the house and senate finance committees, for each
19 employee to be transferred. This report shall include:

20 (1) The identity of the employee;

21 (2) The employee's current work position and location, and the proposed new work position
22 and location;

23 (3) The reason(s) for the employee transfer;

24 (4) The specific task(s) to be assigned to and completed by the transferred employee;

25 (5) An explanation of how the task(s) to be completed by the transferred employee relates
26 to the mission of the transferee department, division or agency; and

27 (6) The anticipated duration of the employee's transfer.

28 SECTION 7. Section 44-1-14 of the General Laws in Chapter 44-1 entitled "State Tax
29 Officials" is hereby amended as follows:

30 **44-1-14. Disclosure of information to tax officials of federal government or other**
31 **states, or to other persons.**

32 Notwithstanding any other provision of law:

33 (1) The tax administrator may make available: (i) to the taxing officials of any other states
34 or of the federal government for tax purposes only any information that the administrator may

1 consider proper contained in tax reports or returns or any audit or the report of any investigation
2 made with respect to them, filed pursuant to the tax laws of this state; provided, that other states or
3 the federal government grant like privileges to the taxing officials of this state; and/or (ii) to an
4 officer or employee of the office of internal audit of the Rhode Island department of administration
5 any information that the administrator may consider proper contained in tax reports or returns or
6 any audit or the report of any investigation made with respect to them, filed pursuant to the tax laws
7 of this state, to whom disclosure is necessary for the purposes of fraud detection and prevention in
8 any state or federal program.

9 (2) The tax administrator shall not permit any federal return or federal return information
10 to be inspected by, or disclosed to, an individual who is the chief executive officer of the state or
11 any person other than:

12 (i) To another employee of the tax division for the purpose of, and only to the extent
13 necessary in, the administration of the state tax laws for which the tax division is responsible;

14 (ii) To another officer or employee of the state to whom the disclosure is necessary in
15 connection with processing, storage, and transmission of those returns and return information and
16 solely for purposes of state tax administration;

17 (iii) To another person for the purpose of, but only to the extent necessary in, the
18 programming, maintenance, repair, testing, and procurement of equipment used in processing or
19 transmission of those returns and return information; or

20 (iv) To a legal representative of the tax division, personally and directly engaged in, and
21 solely for use in, preparation for a civil or civil criminal proceeding (or investigation which may
22 result in a proceeding) before a state administrative body, grand jury, or court in a matter involving
23 state tax administration, but only if:

24 (A) The taxpayer is or may be a party to the proceeding;

25 (B) The treatment of an item reflected on the return is or may be related to the resolution
26 of an issue in the proceeding or investigation; or

27 (C) The return or return information relates, or may relate, to a transactional relationship
28 between a person who is or may be a party to the proceeding and the taxpayer that affects or may
29 affect the resolution of an issue in a proceeding or investigation.

30 SECTION 8. Section 36-4-16.4 of the General Laws in Chapter 36-4 entitled "Merit
31 System" is hereby amended to read as follows:

32 **36-4-16.4. Salaries of directors.**

33 (a) In the month of March of each year, the department of administration shall conduct a
34 public hearing to determine salaries to be paid to directors of all state executive departments for the

1 following year, at which hearing all persons shall have the opportunity to provide testimony, orally
2 and in writing. In determining these salaries, the department of administration will take into
3 consideration the duties and responsibilities of the aforementioned officers, as well as such related
4 factors as salaries paid executive positions in other states and levels of government, and in
5 comparable positions anywhere which require similar skills, experience, or training. Consideration
6 shall also be given to the amounts of salary adjustments made for other state employees during the
7 period that pay for directors was set last.

8 (b) Each salary determined by the department of administration will be in a flat amount,
9 exclusive of such other monetary provisions as longevity, educational incentive awards, or other
10 fringe additives accorded other state employees under provisions of law, and for which directors
11 are eligible and entitled.

12 (c) In no event will the department of administration lower the salaries of existing directors
13 during their term of office.

14 (d) Upon determination by the department of administration, the proposed salaries of
15 directors will be referred to the general assembly by the last day in April of that year to go into
16 effect thirty (30) days hence, unless rejected by formal action of the house and the senate acting
17 concurrently within that time.

18 (e) Notwithstanding the provisions of this section, for 2015 only, the time period for the
19 Department of Administration to conduct the public hearing shall be extended to July and the
20 proposed salaries shall be referred to the general assembly by August 30. The salaries may take
21 effect before next year, but all other provisions of this section shall apply.

22 (f) Notwithstanding the provisions of this section or any law to the contrary, for 2017 only,
23 the salaries of the director of the department of transportation, the secretary of health and human
24 services, and the director of administration shall be determined by the governor.

25 SECTION 9. Sections 1 through 5 shall take effect as of January 1, 2018; provided
26 however, upon passage, the Office of the Health Insurance Commissioner may waive the filing and
27 other requirements for entities that would not be required to file or become subject to oversight
28 consistent with the terms of Sections 1 through 5. ~~Sections 6 and 9~~ Section 8 shall take effect upon
29 passage, and ~~sections 7 and 8~~ sections 6 and 7 shall take effect as of July 1, 2017.

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ARTICLE 6

RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTION

SECTION 1. This article consists of joint resolutions that is submitted pursuant to Rhode Island General Law § 35-18-1, et seq.

SECTION 2. Confined Aquatic Dredged Material Disposal Cells.

WHEREAS, over the past year the Army Corps of Engineers has approached the Coastal Resources Management Council to act as the local sponsor to the federal action of maintaining the depths of the Providence River and Harbor Shipping Channel; and

WHEREAS, the Providence River and Shipping Channel was last maintained in 2003; and

WHEREAS, the project will include dredging and removal of sediments not suitable for ocean disposal, and thus will require the construction of a new Confined Aquatic Disposal (CAD) Cell to dispose and sequester those sediments; and

WHEREAS, CAD cells are constructed in aquatic environments to reduce the environmental risk from sediments not suitable for ocean disposal by storing these sediments in a depression in the bottom of the aquatic system; and

WHEREAS, CAD cells offer a major economic value, as a significant cost of disposing dredged materials is in the transportation of the dredged material to a disposal location; and

WHEREAS, having CAD cells located within hundreds of feet from a dredging operation saves local port operators millions of dollars over the 10-year life of those cells; and

WHEREAS, the Coastal Resources Management Council seeks to build additional capacity in the CAD Cells beyond that required only for this specific project, in order to account for the many port, maritime, and marina facilities that also have the need to dredge material at their facilities, which may not be suitable for ocean disposal, thereby saving these entities significant cost, in both sediment testing and transportation of the material to other locations, due to the fact that the existing CAD cells in the river have reached their useful ten-year design life; and

WHEREAS, with the approval by the voters of the 2016 Rhode Island Port Infrastructure Bond referendum, the need to maintain the viability of port and maritime operations, the state's marine trades industry, and the increase economic value of ProvPort, increased disposal capacities from new CAD cells are needed; and

WHEREAS, the Army Corps of Engineers expects to begin maintenance of the Providence

1 River and Harbor Shipping Channel in the fall of 2018, the total cost share of the local sponsor are
2 required by the end of FY 2018; and

3 WHEREAS, the project is considered a federal maintenance project, the State is required
4 to pay for the creation of the CAD cell only at an up-front cost share of thirty five percent (35%);
5 and

6 WHEREAS, the project costs associated with this project is estimated to be eleven million
7 dollars (\$11.0 million), with five hundred thousand dollars (\$500,000) derived from the Coastal
8 Resources Management Council Dredge Fund. The total financing obligation of the State of Rhode
9 Island would be approximately ten million five hundred thousand dollars (\$10.5 million), with ten
10 million four hundred thousand dollars (\$10.4 million) deposited in the project fund and one hundred
11 thousand dollars (\$100,000) allocated to pay the associated costs of financing. Total payments on
12 the State's obligation over ten (10) years on the ten million five hundred thousand dollars (\$10.5
13 million) issuance are projected to be thirteen million six hundred thousand dollars (\$13.6 million)
14 assuming an average interest rate of five percent (5.0%). A minimum of five million dollars (\$5.0
15 million) of the total principal and interest payments shall be financed from an increase in fees
16 charged to marine operators to deposit their dredged materials into CAD cells, with general revenue
17 appropriations used to supplement fee revenues. General revenue appropriations shall finance
18 principal and interest payments in any fiscal year that fee revenues are insufficient; now, therefore,
19 be it

20 RESOLVED, that this General Assembly hereby approves financing in an amount not to
21 exceed ten million five hundred thousand dollars (\$10.5 million) for the provision of funds for the
22 Confined Aquatic Disposal Cells project, including one hundred thousand dollars (\$100,000) to
23 pay costs of financing.

24 SECTION 3. *Energy Performance Contract – University of Rhode Island – Phase 3*

25 WHEREAS, the Council on Postsecondary Education and the University of Rhode Island,
26 hereby referred to as "the University," are proposing projects that involve the implementation of
27 professionally guided capital investments in energy efficiency improvements to University
28 buildings and infrastructure that will pay for themselves through cost avoidance, while reducing
29 long-term energy consumption associated with operations; and

30 WHEREAS, the University presently manages over three hundred twenty four (324)
31 buildings, with associated utility infrastructure, containing over four million eight hundred fifty
32 thousand (4,850,000) square feet of space, a majority of which was constructed over thirty years
33 ago. Energy efficiency has become a vital feature of the institution's fiscal responsibility; and

34 WHEREAS, energy performance contracting has been significantly enhanced and refined,

1 and many examples exist of programs successfully employed around the country that are prudent
2 from both a fiscal management and an environmental stewardship perspective; and

3 WHEREAS, various private sector companies, hereinafter referred to as energy service
4 companies or "ESCOs", are willing to guarantee the performance of the improvements yielding
5 energy savings to pay for the cost of the replacement of antiquated and inefficient equipment,
6 including boilers, heating and air conditioning, lighting and other building systems and equipment;
7 and

8 WHEREAS, the higher education system has successfully participated with the state
9 department of administration in a request for proposal process to enter into an energy performance
10 contract with ESCO to provide investment grade energy audit evaluations, design, installation, and
11 maintenance services, as well as assistance in securing rebate resources and the guarantee of the
12 energy or water saving performance of the installed retrofit measures; and

13 WHEREAS, the evaluations of an energy service company further affirms the significant
14 opportunity to implement energy conservation improvements on a building-by-building basis that
15 pay for themselves through operating budget savings within a fifteen year period; and

16 WHEREAS, tax exempt financing via "certificates of participation," with associated debt
17 service supported for the financing term by energy cost avoidance (i.e., by redirecting dollars that
18 would have paid for utility consumption, but with the improvements can be redeployed to repay
19 the financing) is the most cost effective means of supporting the investment in energy efficiency
20 improvements under this program; and

21 WHEREAS, the University is seeking to undertake energy performance contracts to
22 replace obsolete equipment with new equipment and infrastructure components employing high
23 energy efficient technologies, to employ insulation and weatherization measures, and to deploy
24 measures that sustain the highest performance levels for these improvements; and

25 WHEREAS, the estimated cost of such contracts are for the University, an amount not to
26 exceed eleven million six hundred thousand dollars (\$11.6 million), with the request to the state to
27 have with ten million five hundred thousand dollars (\$10.5 million) deposited into the construction
28 fund, six hundred ninety-six thousand dollars (\$696,000) deposited in a capitalized interest fund,
29 and four hundred thirty thousand dollars (\$430,000) to pay associated costs of financing. Total
30 payments on the state's obligation over fifteen (15) years on the eleven million six hundred thousand
31 dollars (\$11.6 million) issuance are projected to be sixteen million eight hundred thousand dollars
32 (\$16.8 million), assuming an average effective interest rate of five percent (5.0%), the payments
33 would be derived by the University from energy savings; now, therefore, be it

34 RESOLVED, that the University is authorized to proceed with the aforementioned projects

1 in the amounts specified above; and be it further

2 RESOLVED, that these contracts will be structured so that, at a minimum, the annual
3 principal, interest and service and maintenance costs resulting from these contracts would be fully
4 offset by the cumulative annual energy savings derived from energy efficiency improvements, the
5 performance of which being guaranteed by the ESCOs; and be it further

6 RESOLVED, that these contracts would be multi-year contracts of up to a term of fifteen
7 (15) years. In addition to saving energy and helping to protect the University from future energy
8 cost increases, these contracts would aid in reducing maintenance costs by providing new, efficient
9 equipment and technology that outperforms older higher energy consuming systems; and be it
10 further

11 RESOLVED, that this joint resolution shall take effect immediately upon its passage.

12 SECTION 4. *White Horn Brook Apartments – University of Rhode Island.*

13 WHEREAS, the Rhode Island Council on Postsecondary Education is proposing a project
14 which involves the construction of a new residence hall on the west bank of the White Horn Brook
15 located in the northwest corner of the Kingston campus of the University of Rhode Island in the
16 Town of South Kingstown, Rhode Island; and

17 WHEREAS, the growth of undergraduate student enrollment is critical to the fiscal health
18 of the University; and

19 WHEREAS, there is high undergraduate student demand for apartment style on campus
20 housing; and

21 WHEREAS, the University is committed to providing adequate and appropriate housing
22 opportunities for its students; and

23 WHEREAS, the University continues to undertake significant improvements to existing
24 dormitory style housing facilities and has built new units that offer both suite style and apartment
25 living options with the goal of providing over fifty percent (50%) of its undergraduate students on
26 campus housing in keeping with its peer institutions; and

27 WHEREAS, apartment style housing units are critical for the on campus retention of third
28 and fourth year students that often seek alternative housing off campus; and

29 WHEREAS, a recent market study has demonstrated that the market demand for additional,
30 apartment style campus housing indicates that this project will be fully occupied upon completion
31 and into the future; and

32 WHEREAS, the Rhode Island Public Corporation Debt Management Act requires the
33 General Assembly to provide its consent to the issuance or incurring by the State of Rhode Island
34 and other public agencies of certain obligations including financing guarantees or other agreements;

1 and

2 WHEREAS, the design and construction of the project will be financed through Rhode
3 Island Health and Educational Building (RIHEBC) revenue bonds, with an expected term of thirty
4 (30) years; and

5 WHEREAS, the total project costs associated with the completion of the project and
6 proposed financing method would be supported approximately ninety-five percent (95%) by
7 auxiliary fee revenues for URI Housing and Residential Life for the apartment building and
8 approximately five percent (5%) by University general funds for site enabling facility relocation,
9 utility and hardscape and landscape infrastructure and site work; and

10 WHEREAS, the project is currently in design and targeting a total project financing cost
11 of eighty eight million seven hundred and eighty seven thousand dollars (\$88,787,000) in RIHEBC
12 bonds, with a request to have seventy eight million four hundred forty thousand dollars
13 (\$78,440,000) deposited into a construction fund, eight million thirty seven thousand dollars
14 (\$8,037,000) deposited in a capitalized interest fund, and two million three hundred ten thousand
15 dollars (\$2,310,000) to pay associated cost of financing, and with an assumed interest rate of five
16 percent (5%) debt service repayments will not exceed one hundred seventy three million two
17 hundred seventy one thousand and six hundred fifty three dollars (\$173,271,653); and

18 WHEREAS, the University has been advised by its architectural and project management
19 firms to anticipate potential additional escalation of construction costs leading up to the final
20 pricing of the construction of this project; now, therefore, be it

21 RESOLVED, that the General Assembly hereby approves financing in an amount not to
22 exceed total debt service payments of one hundred seventy three million two hundred seventy one
23 thousand and six hundred fifty three dollars (\$173,271,653) for construction of a new apartment
24 style residence facility on the University of Rhode Island Kingston Campus, with the not-to-exceed
25 amount to be financed determined by the actual financing interest rate at the time of the bond
26 issuance; and be it further

27 RESOLVED, that this joint resolution shall take effect immediately upon its passage.

28 SECTION 5. This resolution shall apply to financing obligations issued within four (4)
29 years of the date of passage of this resolution.

30 SECTION 6. This article shall take effect upon passage.

31

ARTICLE 7

RELATING TO STATE FUNDS

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

21-28.6-17. Revenue.

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

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

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

SECTION 2. Section 35-4-27 of the General Laws in Chapter 35-4 entitled "State Funds" is hereby amended to read as follows:

35-4-27. Indirect cost recoveries on restricted receipt accounts.

Indirect cost recoveries of ten percent (10%) of cash receipts shall be transferred from all restricted-receipt accounts, to be recorded as general revenues in the general fund. However, there shall be no transfer from cash receipts with restrictions received exclusively: (1) From contributions from non-profit charitable organizations; (2) From the assessment of indirect cost recovery rates on federal grant funds; or (3) Through transfers from state agencies to the department of administration for the payment of debt service. These indirect cost recoveries shall be applied to all accounts, unless prohibited by federal law or regulation, court order, or court settlement. The following restricted receipt accounts shall not be subject to the provisions of this section:

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

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

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

23 SECTION 3. Section 39-26.6-4 of the General Laws in Chapter 39-26.6 entitled "The
 24 Renewable Energy Growth Program" is hereby amended to read as follows:

25 **39-26.6-4. Continuation of board.**

26 (a) The distributed generation standard contract board shall remain fully constituted and
 27 authorized as provided in chapter 26.2 of title 39; provided, however, that the name shall be
 28 changed to the "distributed-generation board". Additional purposes of the board shall be to:

29 (1) Evaluate and make recommendations to the commission regarding ceiling prices and
 30 annual targets, the make-up of renewable-energy classifications eligible under the distributed-
 31 generation growth program, the terms of the tariffs, and other duties as set forth in this chapter;

32 (2) Provide consistent, comprehensive, informed, and publicly accountable involvement
 33 by representatives of all interested stakeholders affected by, involved with, or knowledgeable about
 34 the development of distributed-generation projects that are eligible for performance-based

1 incentives under the distributed-generation growth program; and

2 (3) Monitor and evaluate the effectiveness of the distributed-generation growth program.

3 (b) The office, in consultation with the board, shall be authorized to hire, or to request the
4 electric-distribution company to hire, the services of qualified consultants to perform ceiling price
5 studies subject to commission approval that shall be granted or denied within sixty (60) days of
6 receipt of such request from the office. The cost of such studies shall be recoverable through the
7 rate-reconciliation provisions of the electric-distribution company set forth in § 39-26.6-25, subject
8 to commission approval. In addition, the office, in consultation with the board, may request the
9 commission to approve other costs incurred by the board, office, or the electric-distribution
10 company to utilize consultants for annual programmatic services or to perform any other studies
11 and reports, subject to the review and approval of the commission, that shall be granted or denied
12 within one hundred twenty (120) days of receipt of such request from the office, and that shall be
13 recoverable through the same reconciliation provisions.

14 (c) Revenues generated through the rate reconciliation process to finance the expenses
15 incurred as outlined in subsection (b) shall be transferred to the office and deposited in a restricted
16 receipt account within the general fund. The restricted receipt account shall be exempt from the
17 indirect cost recovery assessment under §35-4-27.

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

20 **42-17.1-27. Eisenhower House – Rental fees.**

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

30 (b) The department of environmental management and the state shall not be civilly liable
31 for the acts or omissions of the lessees of the Eisenhower house.

32 SECTION 5. Chapter 42-28 of the General Laws entitled "State Police" is hereby amended
33 by adding thereto the following section:

34 **42-28-49.1. Non-state agency reimbursements.**

1 There is hereby established within the general fund a restricted receipt account to be known
2 as the "state police non-state agency reimbursements" account. All revenues deposits into the
3 account from non-state agencies shall be used to reimburse the state police for costs incurred in
4 support of non-state agency programs and activities. All funds deposited into the account shall be
5 exempt from the indirect cost recovery provisions of §35-4-27.

6 SECTION 6. Section 42-45-12 of the General Laws entitled "Rhode Island Historical
7 Preservation and Heritage Commission" is hereby repealed.

8 ~~**42-45-12. Eisenhower House—Rental fees.**~~

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

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

18 SECTION 7. Chapter 42-72 of the General Laws entitled "Department of Children, Youth
19 and Families" is hereby amended by adding thereto the following section:

20 **42-72-36.4. Foundation grants.**

21 All grant funds from nonprofit charitable organizations accepted by the department of
22 children, youth and families with formally established agreements with an approved budget for
23 their use, shall be deposited as restricted receipts.

24 SECTION 8. Section 42-75-13 of the General Laws in Chapter 42-75 entitled "Council on
25 the Arts" is hereby amended to read as follows:

26 **42-75-13. Appropriation.**

27 (a) During the fiscal year ending June 30, 2008, the state lottery division within the
28 department of revenue shall conduct, pursuant to chapter 62.61 of the general laws, an instant game
29 to be known as the "Arts Lottery Game." The net revenue from the first three (3) months of the
30 running of the "Arts Lottery Game" shall be deposited in a restricted revenue account to be used
31 by the Rhode Island Council on the Arts for the support and improvement of the arts in this state.
32 The provisions of this section shall prevail over any inconsistent provisions of chapter 42-61.

33 (b) ~~During the fiscal year ending June 30, 2010, the~~ The Rhode Island Council on the Arts
34 shall deposit any funds received from the Rhode Island Foundation in a restricted receipt account

1 to be used for the support and improvement of the arts in this state. All such funds deposited shall
2 be exempt from the indirect cost recovery provisions of ~~§ 35-4-7~~ [§35-24-27](#).

3 SECTION 9. Section 35-3-7 of the General Laws in Chapter 35-3 entitled "State Budget"
4 is hereby amended to read as follows:

5 **35-3-7. Submission of budget to general assembly -- Contents.**

6 (a) On or before the third Thursday in January in each year of each January session of the
7 general assembly, the governor shall submit to the general assembly a budget containing a complete
8 plan of estimated revenues and proposed expenditures, with a personnel supplement detailing the
9 number and titles of positions of each agency and the estimates of personnel costs for the next fiscal
10 year, and with the inventory required by § 35-1.1-3(b)(4). Provided, however, in those years that a
11 new governor is inaugurated, the new governor shall submit the budget on or before the first
12 Thursday in February. In the budget the governor may set forth in summary and detail:

13 (1) Estimates of the receipts of the state during the ensuing fiscal year under laws existing
14 at the time the budget is transmitted and also under the revenue proposals, if any, contained in the
15 budget, and comparisons with the estimated receipts of the state during the current fiscal year, as
16 well as actual receipts of the state for the last two (2) completed fiscal years.

17 (2) Estimates of the expenditures and appropriations necessary in the governor's judgment
18 for the support of the state government for the ensuing fiscal year, and comparisons with
19 appropriations for expenditures during the current fiscal year, as well as actual expenditures of the
20 state for the last two (2) complete fiscal years; [provided, further, in the event the budget submission](#)
21 [includes any transfers of resources from public corporations to the general fund, the budget](#)
22 [submission shall also include alternatives to said transfers.](#)

23 (3) Financial statements of the:

24 (i) Condition of the treasury at the end of the last completed fiscal year;

25 (ii) The estimated condition of the treasury at the end of the current fiscal year; and

26 (iii) Estimated condition of the treasury at the end of the ensuing fiscal year if the financial
27 proposals contained in the budget are adopted.

28 (4) All essential facts regarding the bonded and other indebtedness of the state.

29 (5) A report indicating those program revenues and expenditures whose funding source is
30 proposed to be changed from state appropriations to restricted receipts, or from restricted receipts
31 to other funding sources.

32 (6) Such other financial statements and data as in the governor's opinion are necessary or
33 desirable.

34 (b) Any other provision of the general laws to the contrary notwithstanding, the proposed

1 appropriations submitted by the governor to the general assembly for the next ensuing fiscal year
2 should not be more than five and one-half percent (5.5%) in excess of total state appropriations,
3 excluding any estimated supplemental appropriations, enacted by the general assembly for the
4 fiscal year previous to that for which the proposed appropriations are being submitted; provided
5 that the increased state-share provisions required to achieve fifty percent (50%) state financing of
6 local school operations as provided for in P.L. 1985, ch. 182, shall be excluded from the definition
7 of total appropriations.

8 (c) Notwithstanding the provisions of § 35-3-7(a), the governor shall submit to the general
9 assembly a budget for the fiscal year ending June 30, 2006, not later than the fourth (4th) Thursday
10 in January 2005.

11 (d) Notwithstanding the provisions of § 35-3-7(a), the governor shall submit to the general
12 assembly a supplemental budget for the fiscal year ending June 30, 2006, and/or a budget for the
13 fiscal year ending June 30, 2007, not later than Thursday, January 26, 2006.

14 (e) Notwithstanding the provisions of § 35-3-7(a), the governor shall submit to the general
15 assembly a supplemental budget for the fiscal year ending June 30, 2007, and/or a budget for the
16 fiscal year ending June 30, 2008, not later than Wednesday, January 31, 2007.

17 (f) Notwithstanding the provisions of § 35-3-7(a), the governor shall submit to the general
18 assembly a budget for the fiscal year ending June 30, 2012, not later than Thursday, March 10,
19 2011.

20 (g) Notwithstanding the provisions of § 35-3-7(a), the governor shall submit to the general
21 assembly a budget for the fiscal year ending June 30, 2013, not later than Tuesday, January 31,
22 2012.

23 (h) Notwithstanding the provisions of § 35-3-7(a), the governor shall submit to the general
24 assembly a budget for the fiscal year ending June 30, 2016, not later than Thursday, March 12,
25 2015.

26 SECTION 10. Chapter 35-5 of the General Laws entitled "Rotary Funds" is hereby
27 amended by adding thereto the following section:

28 **35-5-10. Reimbursement of rotary funds for services provided to state agencies.**
29 Notwithstanding the provisions of §35-5-5, any rotary or rotating fund established for
30 centralized services under the control of the department of administration, including information
31 technology, capital asset management and maintenance and human resources, shall consist of, in
32 addition to such sums as may be provided by appropriation for that purpose, the receipts and
33 reimbursements accruing to the fund. Any state department or agency receiving or drawing
34 services, goods, wares, or merchandise from these programs, or receiving benefits therefrom, shall

1 reimburse the rotary fund for the cost. The reimbursement of the rotary fund shall be made by each
2 department or agency at the close of each calendar month through a process established by the state
3 controller to the order of the respective rotary fund. The state controller shall charge payments to
4 the proper appropriation for the operation and maintenance of the benefitting department or agency.
5 On or before October 15, 2017, and quarterly thereafter, the director of the department of
6 administration shall provide a report to the speaker of the house and senate president, with copies
7 to the chairpersons of the house and senate finance committees, detailing the fund activity for the
8 previous quarter, including a breakdown of the fund activity of each department or agency.

9 SECTION 11. Section 37-2-12 of the General Laws in Chapter 37-2 entitled "State
10 Purchases" is hereby amended to read as follows:

11 **37-2-12. Centralization of the procurement authority.**

12 (a) All rights, powers, duties, and authority relating to the procurement of supplies,
13 services, and construction, and the management, control, warehousing, sale, and disposal of
14 supplies, services, and construction now vested in or exercised by any state agency under the
15 several statutes relating thereto are hereby transferred to the chief purchasing officer as provided
16 in this chapter, subject to the provisions of § 37-2-54. A public agency does not have to utilize the
17 centralized purchasing of the state but the public agency, through its existing internal purchasing
18 function, shall adhere to the general principles, policies and practices set forth in this chapter.

19 (b) The chief purchasing officer, as defined in §37-2-7(3)(i), may establish, charge and
20 collect from state contractors, listed on master price agreements, a statewide contract administrative
21 fee not to exceed one percent (1%) of the total value of the annual spend against a contract awarded
22 to a state contractor. All statewide contract administrative fees collected pursuant to this subsection
23 shall be deposited into a restricted receipt account within the general fund designated as the
24 "division of purchases administrative fee account" and shall be used for the purposes of
25 implementing technology for the submission and processing of bids, online vendor registration, bid
26 notification, and other costs related to state procurement. On or before January 15, 2019, and
27 annually thereafter on or before January 15, the chief purchasing officer or designee shall file a
28 report with the governor, the speaker of the house, and the president of the senate detailing:

29 (i) The total amount of funds collected and deposited into the division of purchases
30 administrative fee account for the most recently completed fiscal year;

31 (ii) The account balance as of the date of the report;

32 (iii) An itemization of all expenditures and other uses of said funds from said account for
33 the most recently completed fiscal year; and

34 (iv) An annual evaluation as to the appropriateness of the amount of the contract

1 [administrative fee on master price agreements.](#)

2 (c) Subject to the approval of the director of the department of administration, the state
3 controller is authorized to offset any currently recorded outstanding liability on the part of
4 developmental disability organizations (DDOs) to repay previously authorized startup capital
5 advances against the proceeds from the sale of group homes within a fiscal year prior to any sale
6 proceeds being deposited into the information technology investment fund.

7 SECTION 12. Section 37-7-15 of the General Laws in Chapter 37-7 entitled "Management
8 and Disposal of Property" is hereby amended to read as follows:

9 **37-7-15. Sale of state-owned land, buildings and improvements thereon and other real**
10 **property.**

11 (a) Total annual proceeds from the sale of any land and the buildings and improvements
12 thereon, and other real property title to which is vested in the State of Rhode Island or title to which
13 will be vested in the state upon completion of any condemnation or other proceedings, shall be
14 transferred to and made available for the purposes outlined in § 42-11-2.5 of the general laws,
15 unless otherwise prohibited by federal law.

16 (b) Provided, however, this shall not include proceeds from the sale of any land and the
17 buildings and improvements thereon that will be created by the relocation of interstate route 195
18 which is sometimes collectively referred to as the "I-195 Surplus Land" which land is identified in
19 the "Rhode Island Interstate 195 Relocation Surplus Land: Redevelopment and Market Analysis"
20 prepared by CKS Architecture & Urban Design dated 2009, and such term means those certain
21 tracts or parcels of land situated in the city of Providence, county of Providence, State of Rhode
22 Island, delineated on that certain plan of land captioned "Improvements to Interstate Route 195,
23 Providence, Rhode Island, Proposed Development Parcel Plans 1 through 10, Scale: 1"

24 [\(c\) Subject to the approval of the director of the department of administration, the state](#)
25 [controller is authorized to offset any currently recorded outstanding liability on the part of](#)
26 [developmental disability organizations \(DDOs\) to repay previously authorized startup capital](#)
27 [advances against the proceeds from the sale of group homes within a fiscal year prior to any sale](#)
28 [proceeds being deposited into the information technology investment fund.](#)

29 SECTION 13. Section 42-11-2.5 of the General Laws in Chapter 42-11 entitled
30 "Department of Administration" is hereby amended to read as follows:

31 **42-11-2.5. Information technology investment fund.**

32 (a) All sums from the sale of any land and the buildings and improvements thereon, and
33 other real property title to which is vested in the state except as provided in ~~subsection §§~~37-7-
34 15(b) [and 37-7-15\(c\)](#) shall be transferred to an Information Technology Investment Fund restricted

1 receipt account that is hereby established. This fund shall consist of such sums from the sale of any
2 land and the buildings and improvements thereon, and other real property title to which is vested
3 in the state except as provided in ~~subsection~~ [§§37-7-15\(b\) and 37-7-15\(c\)](#), as well as a share of E-
4 911 Uniform Emergency Telephone System surcharge revenues collected under the provisions of
5 § 39-21.1-14. This fund may also consist of such sums as the state may from time to time
6 appropriate, as well as money received from the disposal of information technology equipment,
7 loan, interest and service charge payments from benefiting state agencies, as well as interest
8 earnings, money received from the federal government, gifts, bequest, donations, or to otherwise
9 from any public or private source. Any such funds shall be exempt from the indirect cost recovery
10 provisions of § 35-4-27.

11 (b) This fund shall be used for the purpose of acquiring information technology
12 improvements, including, but not limited to, hardware, software, consulting services, and ongoing
13 maintenance and upgrade contracts for state departments and agencies.

14 (c) The division of information technology of the Rhode Island department of
15 administration shall adopt rules and regulations consistent with the purposes of this chapter and
16 chapter 35 of title 42, in order to provide for the orderly and equitable disbursement of funds from
17 this account.

18 SECTION 14. Section 5-65-9 of the General Laws in Chapter 5-65 entitled "Contractors'
19 Registration and Licensing Board" is hereby amended to read as follows:

20 **5-65-9. Registration fee.**

21 (a) Each applicant shall pay to the board:

22 (1) For original registration or renewal of registration, a fee of two hundred dollars (\$200).

23 (2) A fee for all changes in the registration, as prescribed by the board, other than those
24 due to clerical errors.

25 (b) All fees and fines collected by the board shall be deposited as general revenues to
26 support the activities set forth in this chapter until June 30, 2008. Beginning July 1, 2008, all fees
27 and fines collected by the board shall be deposited into a restricted receipt account for the exclusive
28 use of supporting programs established by this chapter.

29 [\(c\) On or before January 15, 2018, and annually thereafter, the board shall file a report with](#)
30 [the speaker of the house, and the president of the senate, with copies to the chairpersons of the](#)
31 [house and senate finance committees, detailing:](#)

32 [\(1\) The total number of fines issued broken down by category, including the number of](#)
33 [fines issued for a first violation and the number of fines issued for a subsequent violation;](#)

34 [\(2\) The total dollar of amount of fines levied;](#)

1 (3) The total amount of fees, fines, and penalties collected and deposited for the most
2 recently completed fiscal year; and

3 (4) The account balance as of the date of the report.

4 ~~(d)~~(d) Each year, the executive director shall prepare a proposed budget to support the
5 programs approved by the board. The proposed budget shall be submitted to the board for its
6 review. A final budget request shall be submitted to the legislature as part of the capital projects
7 and property management annual request.

8 ~~(e)~~(e) New or renewal registrations may be filed online or with a third-party approved by
9 the board, with the additional cost incurred to be borne by the registrant.

10 SECTION 15. Sections 1 through 10 of the article shall take effect upon passage. The
11 remainder of the Sections in the article shall take effect on July 1, 2017.

12

ARTICLE 8 AS AMENDED

RELATING TO TAXES AND REVENUES

SECTION 1. Purpose. The general assembly hereby finds that:

(a) The Twin River gaming facility in the town of Lincoln, the Newport Grand gaming facility in the town of Newport, and, once operational, the gaming facility owned by Twin River-Tiverton in the town of Tiverton (the "Tiverton Gaming Facility," and, collectively with the other two (2) gaming facilities, the "Gaming Facilities") are important sources of revenue for the state of Rhode Island. Indeed, revenues generated from state-operated gaming in Rhode Island constitute the third largest source of revenue to the state, behind only revenue generated from income taxes and sales and use taxes.

(b) In an increasingly competitive gaming market, it is imperative that action be taken to preserve and protect the state's ability to maximize revenues at the Facilities, and in particular to expand critical revenue-driving promotional and marketing programs through legislative authorization and necessary amendments to contracts, previously authorized by the general assembly, to position the promotional and marketing programs for long-term success.

(c) Accordingly, the purpose of this act is to help enhance the revenues generated by the Facilities in order to maximize the public's share of revenue generated by them for the state of Rhode Island. It is the intent of the general assembly that this act, being necessary for the welfare of the state and its citizens, be liberally construed so as to effectuate its purposes, including without limitation, the State's attempt to enhance the ability of the Facilities to generate revenue. The inclusion of the Tiverton Gaming Facility within the scope of this act is based on the fulfilment in 2016 of the requirements of Article VI, Section 22 of the Rhode Island Constitution with respect to that facility, namely that:

(i) The Rhode Island secretary of state has certified that the qualified voters of the state have approved authorizing a facility owned by Twin River-Tiverton located at the intersection of William S. Canning Boulevard and Stafford Road in the town of Tiverton to be licensed as a pari-mutuel facility and offer state-operated video lottery games and state-operated casino gaming, such as table games; and

(ii) The board of canvassers of the town of Tiverton has certified that the qualified electors of the town of Tiverton have approved authorizing a facility owned by Twin River-Tiverton located

1 [at the intersection of William S. Canning Boulevard and Stafford Road in the town of Tiverton to](#)
2 [be licensed as a pari-mutuel facility and offer state-operated video lottery games and state-operated](#)
3 [casino gaming, such as table games.](#)

4 SECTION 2. Section 42-61.2-7 of the General Laws in Chapter 42-61.2 entitled "Video-
5 Lottery Terminal" is hereby amended to read as follows:

6 **42-61.2-7. Division of revenue.**

7 (a) Notwithstanding the provisions of §42-61-15, the allocation of net, terminal income
8 derived from video-lottery games is as follows:

9 (1) For deposit in the general fund and to the state lottery division fund for administrative
10 purposes: Net, terminal income not otherwise disbursed in accordance with subdivisions (a)(2) --
11 (a)(6) inclusive, or otherwise disbursed in accordance with subsections (g)(2) and (h)(2);

12 (i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one percent
13 (0.19%), up to a maximum of twenty million dollars (\$20,000,000), shall be equally allocated to
14 the distressed communities as defined in §45-13-12 provided that no eligible community shall
15 receive more than twenty-five percent (25%) of that community's currently enacted municipal
16 budget as its share under this specific subsection. Distributions made under this specific subsection
17 are supplemental to all other distributions made under any portion of general laws §45-13-12. For
18 the fiscal year ending June 30, 2008, distributions by community shall be identical to the
19 distributions made in the fiscal year ending June 30, 2007, and shall be made from general
20 appropriations. For the fiscal year ending June 30, 2009, the total state distribution shall be the
21 same total amount distributed in the fiscal year ending June 30, 2008, and shall be made from
22 general appropriations. For the fiscal year ending June 30, 2010, the total state distribution shall be
23 the same total amount distributed in the fiscal year ending June 30, 2009, and shall be made from
24 general appropriations, provided, however, that seven hundred eighty-four thousand four hundred
25 fifty-eight dollars (\$784,458) of the total appropriation shall be distributed equally to each
26 qualifying distressed community. For each of the fiscal years ending June 30, 2011, June 30, 2012,
27 and June 30, 2013, seven hundred eighty-four thousand four hundred fifty-eight dollars (\$784,458)
28 of the total appropriation shall be distributed equally to each qualifying distressed community.

29 (ii) Five one hundredths of one percent (0.05%), up to a maximum of five million dollars
30 (\$5,000,000), shall be appropriated to property tax relief to fully fund the provisions of §44-33-2.1.
31 The maximum credit defined in subdivision 44-33-9(2) shall increase to the maximum amount to
32 the nearest five dollar (\$5.00) increment within the allocation until a maximum credit of five
33 hundred dollars (\$500) is obtained. In no event shall the exemption in any fiscal year be less than
34 the prior fiscal year.

1 (iii) One and twenty-two one hundredths of one percent (1.22%) to fund §44-34.1-1,
2 entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998", to the maximum amount
3 to the nearest two hundred fifty dollar (\$250) increment within the allocation. In no event shall the
4 exemption in any fiscal year be less than the prior fiscal year.

5 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
6 (0.10%), to a maximum of ten million dollars (\$10,000,000), for supplemental distribution to
7 communities not included in subsection (a)(1)(i) distributed proportionately on the basis of general
8 revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008,
9 distributions by community shall be identical to the distributions made in the fiscal year ending
10 June 30, 2007, and shall be made from general appropriations. For the fiscal year ending June 30,
11 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010, and thereafter,
12 funding shall be determined by appropriation.

13 (2) To the licensed, video-lottery retailer:

14 (a) (i) Prior to the effective date of the Newport Grand Master Contract, Newport Grand
15 twenty-six percent (26%), minus three hundred eighty-four thousand nine hundred ninety-six
16 dollars (\$384,996);

17 (ii) On and after the effective date of the Newport Grand Master Contract, to the licensed,
18 video-lottery retailer who is a party to the Newport Grand Master Contract, all sums due and
19 payable under said Master Contract, minus three hundred eighty-four thousand nine hundred
20 ninety-six dollars (\$384,996).

21 (iii) Effective July 1, 2013, the rate of net, terminal income payable to the licensed, video-
22 lottery retailer who is a party to the Newport Grand Master Contract shall increase by two and one
23 quarter percent (2.25%) points. The increase herein shall sunset and expire on June 30, 2015, and
24 the rate in effect as of June 30, 2013, shall be reinstated.

25 (iv) (A) Effective July 1, 2015, the rate of net, terminal income payable to the licensed,
26 video-lottery retailer who is a party to the Newport Grand Master Contract shall increase over the
27 rate in effect as of June 30, 2013, by one and nine-tenths (1.9) percentage points. (i.e., x% plus 1.9
28 percentage points equals (x + 1.9)%, where "x%" is the current rate of net terminal income payable
29 to the licensed, video-lottery retailer who is a party to the Newport Grand Master Contract). The
30 dollar amount of additional net, terminal income paid to the licensed, video-lottery retailer who is
31 a party to the Newport Grand Master Contract with respect to any Newport Grand Marketing Year
32 as a result of such increase in rate shall be referred to as "Additional Newport Grand Marketing
33 NTL."

34 (B) The excess, if any, of marketing expenditures incurred by the licensed, video-lottery

1 retailer who is a party to the Newport Grand Master Contract with respect to a Newport Grand
2 Marketing Year over one million four hundred thousand dollars (\$1,400,000) shall be referred to
3 as the "Newport Grand Marketing Incremental Spend." Beginning with the Newport Grand
4 Marketing Year that starts on July 1, 2015, after the end of each Newport Grand Marketing Year,
5 the licensed, video-lottery retailer who is a party to the Newport Grand Master Contract shall pay
6 to the Division the amount, if any, by which the Additional Newport Grand Marketing NTI for such
7 Newport Grand Marketing Year exceeds the Newport Grand Marketing Incremental Spend for such
8 Newport Grand Marketing Year; provided however, that such video-lottery retailer's liability to the
9 Division hereunder with respect to any Newport Grand Marketing Year shall never exceed the
10 Additional Newport Grand Marketing NTI paid to such video-lottery retailer with respect to such
11 Newport Grand Marketing Year.

12 The increase in subsection 2(a)(iv) shall sunset and expire ~~on June 30, 2017~~ upon the
13 commencement of the operation of casino gaming at Twin River-Tiverton's facility located in the
14 town of Tiverton, and the rate in effect as of June 30, 2013 shall be reinstated.

15 (b) (i) Prior to the effective date of the UTGR master contract, to the present, licensed,
16 video-lottery retailer at Lincoln Park, which is not a party to the UTGR, master contract, twenty-
17 eight and eighty-five one hundredths percent (28.85%), minus seven hundred sixty-seven thousand
18 six hundred eighty-seven dollars (\$767,687);

19 (ii) On and after the effective date of the UTGR master contract, to the licensed, video-
20 lottery retailer that is a party to the UTGR master contract, all sums due and payable under said
21 master contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars
22 (\$767,687).

23 (3) (i) To the technology providers that are not a party to the GTECH Master Contract as
24 set forth and referenced in PL 2003, CH. 32, seven percent (7%) of the net, terminal income of the
25 provider's terminals; in addition thereto, technology providers that provide premium or licensed
26 proprietary content or those games that have unique characteristics, such as 3D graphics; unique
27 math/game play features; or merchandising elements to video-lottery terminals may receive
28 incremental compensation, either in the form of a daily fee or as an increased percentage, if all of
29 the following criteria are met:

30 (A) A licensed, video-lottery retailer has requested the placement of premium or licensed
31 proprietary content at its licensed, video-lottery facility;

32 (B) The division of lottery has determined in its sole discretion that the request is likely to
33 increase net, terminal income or is otherwise important to preserve or enhance the competitiveness
34 of the licensed, video-lottery retailer;

1 (C) After approval of the request by the division of lottery, the total number of premium or
2 licensed, proprietary-content video-lottery terminals does not exceed ten percent (10%) of the total
3 number of video-lottery terminals authorized at the respective licensed, video-lottery retailer; and

4 (D) All incremental costs are shared between the division and the respective licensed,
5 video-lottery retailer based upon their proportionate allocation of net terminal income. The division
6 of lottery is hereby authorized to amend agreements with the licensed, video-lottery retailers, or the
7 technology providers, as applicable, to effect the intent herein.

8 (ii) To contractors that are a party to the master contract as set forth and referenced in PL
9 2003, CH. 32, all sums due and payable under said master contract; and

10 (iii) Notwithstanding paragraphs (i) and (ii), there shall be subtracted proportionately from
11 the payments to technology providers the sum of six hundred twenty-eight thousand seven hundred
12 thirty-seven dollars (\$628,737).

13 (4) (A) Until video-lottery games are no longer operated at the Newport Grand gaming
14 facility located in Newport, to the city of Newport one and one hundredth percent (1.01%) of net
15 terminal income of authorized machines at Newport Grand, except that effective November 9,
16 2009, until June 30, 2013, the allocation shall be one and two tenths percent (1.2%) of net terminal
17 income of authorized machines at Newport Grand for each week the facility operates video-lottery
18 games on a twenty-four-hour (24) basis for all eligible hours authorized; and

19 (B) Upon commencement of the operation of video-lottery games at Twin River-Tiverton's
20 facility located in the town of Tiverton, to the town of Tiverton one and forty-five hundredths
21 percent (1.45%) of net terminal income of authorized machines at the licensed, video-lottery
22 retailer's facility located in the town of Tiverton, subject to subsection (g)(2); and

23 (C) To the town of Lincoln, one and twenty-six hundredths percent (1.26%) of net terminal
24 income of authorized machines at Twin River except that:

25 (i) Effective November 9, 2009, until June 30, 2013, the allocation shall be one and forty-
26 five hundredths percent (1.45%) of net terminal income of authorized machines at Twin River for
27 each week video-lottery games are offered on a twenty-four-hour (24) basis for all eligible hours
28 authorized; and

29 (ii) Effective July 1, 2013, provided that the referendum measure authorized by PL 2011,
30 Ch. 151, Sec. 4, is approved statewide and in the Town of Lincoln, the allocation shall be one and
31 forty-five hundredths percent (1.45%) of net terminal income of authorized video-lottery terminals
32 at Twin River, subject to subsection (h)(2); and

33 (5) To the Narragansett Indian Tribe, seventeen hundredths of one percent (0.17%) of net
34 terminal income of authorized machines at Lincoln Park, up to a maximum of ten million dollars

1 (\$10,000,000) per year, that shall be paid to the Narragansett Indian Tribe for the account of a
2 Tribal Development Fund to be used for the purpose of encouraging and promoting: home
3 ownership and improvement; elderly housing; adult vocational training; health and social services;
4 childcare; natural resource protection; and economic development consistent with state law.
5 Provided, however, such distribution shall terminate upon the opening of any gaming facility in
6 which the Narragansett Indians are entitled to any payments or other incentives; and provided,
7 further, any monies distributed hereunder shall not be used for, or spent on, previously contracted
8 debts; and

9 (6) Unclaimed prizes and credits shall remit to the general fund of the state; and

10 (7) Payments into the state's general fund specified in subsections (a)(1) and (a)(6) shall be
11 made on an estimated monthly basis. Payment shall be made on the tenth day following the close
12 of the month except for the last month when payment shall be on the last business day.

13 (b) Notwithstanding the above, the amounts payable by the division to UTGR related to
14 the marketing program [described in the UTGR master contract \(as such may be amended from time](#)
15 [to time\)](#) shall be paid on a frequency agreed by the division, but no less frequently than annually.

16 (c) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director
17 is authorized to fund the marketing program as described ~~above in regard to~~ [in](#) the UTGR master
18 contract.

19 (d) Notwithstanding the above, the amounts payable by the division to the licensed, video-
20 lottery retailer who is a party to the Newport Grand Master Contract related to the marketing
21 program [described in the Newport Grand Master Contract \(as such may be amended from time to](#)
22 [time\)](#) shall be paid on a frequency agreed by the division, but no less frequently than annually.

23 (e) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director
24 is authorized to fund the marketing program as described ~~above in regard to~~ [in](#) the Newport Grand
25 Master Contract.

26 (f) Notwithstanding the provisions of §42-61-15, but subject to §42-61.2-7(h), the
27 allocation of net, table-game revenue derived from table games at Twin River is as follows:

28 (1) For deposit into the state lottery fund for administrative purposes and then the balance
29 remaining into the general fund:

30 (i) Sixteen percent (16%) of net, table-game revenue, except as provided in §42-61.2-
31 7(f)(1)(ii);

32 (ii) An additional two percent (2%) of net, table-game revenue generated at Twin River
33 shall be allocated starting from the commencement of table games activities by such table-game
34 retailer and ending, with respect to such table-game retailer, on the first date that such table-game

1 retailer's net terminal income for a full state fiscal year is less than such table-game retailer's net
2 terminal income for the prior state fiscal year, at which point this additional allocation to the state
3 shall no longer apply to such table-game retailer.

4 (2) To UTGR, net, table-game revenue not otherwise disbursed pursuant to subsection
5 (f)(1); provided, however, on the first date that such table-game retailer's net terminal income for a
6 full state fiscal year is less than such table-game retailer's net terminal income for the prior state
7 fiscal year, as set forth in subsection (f)(1)(ii), one percent (1%) of this net, table-game revenue
8 shall be allocated to the town of Lincoln for four (4), consecutive state fiscal years.

9 (g) Notwithstanding the provisions of §42-61-15, the allocation of net, table-game revenue
10 derived from table games at the Tiverton facility owned by Twin River-Tiverton is as follows:

11 (1) Subject to subsection (g)(2) of this section, one percent (1%) of net, table-game revenue
12 shall be allocated to the town of Tiverton;

13 (2) Fifteen and one-half percent (15.5%) of net, table-game revenue shall be allocated to
14 the state first for deposit into the state lottery fund for administrative purposes and then the balance
15 remaining into the general fund; provided however, that beginning with the first state fiscal year
16 that a facility in the town of Tiverton owned by Twin River-Tiverton offers patrons video-lottery
17 games and table games for all of such state fiscal year, for that state fiscal year and each subsequent
18 state fiscal year that such Tiverton facility offers patrons video-lottery games and table games for
19 all of such state fiscal year, if the town of Tiverton has not received an aggregate of three million
20 dollars (\$3,000,000) in the state fiscal year from net, table-game revenues and net terminal income,
21 combined, generated by such Tiverton facility, then the state shall make up such shortfall to the
22 town of Tiverton out of the state's percentage of net, table-game revenue set forth in this subsection
23 (g)(2) and net terminal income set forth in subsections (a)(1) and (a)(6); provided further however,
24 if in any state fiscal year either video-lottery games or table games are no longer offered at a facility
25 in the town of Tiverton owned by Twin River-Tiverton, LLC, then the state shall not be obligated
26 to make up the shortfall referenced in this subsection (g)(2); and

27 (3) Net, table-game revenue not otherwise disbursed pursuant to subsections (g)(1) and
28 (g)(2) of this section shall be allocated to Twin River-Tiverton.

29 (h) Notwithstanding the foregoing §42-61.2-7(f) and superseding that section effective
30 upon the first date that a facility in the town of Tiverton owned by Twin River-Tiverton offers
31 patrons video-lottery games and table games, the allocation of net, table-game revenue derived
32 from table games at Twin River in Lincoln shall be as follows:

33 (1) Subject to subsection (h)(2), one percent (1%) of net, table-game revenue shall be
34 allocated to the town of Lincoln;

1 (2) Fifteen and one-half percent (15.5%) of net, table-game revenue shall be allocated to
2 the state first for deposit into the state lottery fund for administrative purposes and then the balance
3 remaining into the general fund; provided however, that beginning with the first state fiscal year
4 that a facility in the town of Tiverton owned by Twin River-Tiverton offers patrons video-lottery
5 games and table games for all of such state fiscal year, for that state fiscal year and each subsequent
6 state fiscal year that such Tiverton facility offers patrons video-lottery games and table games for
7 all of such state fiscal year, if the town of Lincoln has not received an aggregate of three million
8 dollars (\$3,000,000) in the state fiscal year from net, table-game revenues and net terminal income,
9 combined, generated by the Twin River facility in Lincoln, then the state shall make up such
10 shortfall to the town of Lincoln out of the state's percentage of net, table-game revenue set forth in
11 this subsection (h)(2) and net terminal income set forth in subsections (a)(1) and (a)(6); provided
12 further however, if in any state fiscal year either video-lottery games or table games are no longer
13 offered at a facility in the town of Tiverton owned by Twin River-Tiverton, LLC, then the state
14 shall not be obligated to make up the shortfall referenced in this subsection (h)(2); and

15 (3) Net, table-game revenue not otherwise disbursed pursuant to subsections (h)(1) and
16 (h)(2) shall be allocated to UTGR.

17 SECTION 3. Except to the extent amended by this act, the terms, conditions, provisions
18 and definitions of Chapter 322 and 323 of the Public Laws of 2005, Chapter 16 of the Public Laws
19 of 2010, Chapter 151, Article 25 of the Public Laws of 2011, Chapters 289 and 290 of the Public
20 Laws of 2012, Chapter 145, Article 13 of the Public Laws of 2014, Chapter 141, Article 11,
21 Sections 16 – 22 of the Public Laws of 2015, and Chapters 005 and 006 of the Public Laws of 2016
22 (in each case as the more recent law may have amended an earlier law or laws), are hereby
23 incorporated herein by reference and shall remain in full force and effect.

24 SECTION 4. Definitions. For the purposes of this act, the following terms shall have the
25 following meanings, and to the extent that such terms are otherwise defined in any provision of the
26 general or public laws (including but not limited to Chapter 16 of the public Laws of 2010, as
27 amended, and Chapters 005 and 006 of the public laws of 2016), for purposes of this act, those
28 terms are hereby amended to read as follows:

29 (a) "Division" means the division of lotteries within the department of revenue and/or any
30 successor as party to the UTGR Master Contract and the Newport Grand Master Contract.

31 (b) "Initial Promotional Points Program" means, as to UTGR, that promotional points
32 program authorized in Chapter 16, Section 4(a)(ii) of Part A of the Public Laws of 2010, as
33 amended by Chapter 151, Article 25, Section 8 of the Public Laws of 2011 and by this act. As to
34 Newport Grand, "Initial Points Program" means that promotional points program authorized in

1 Chapter 16, Section 4(a)(ii) of Part B of the Public Laws of 2010, as amended by Chapter 151,
2 Article 25, Section 8 of the Public Laws of 2011 and by this act.

3 (c) "Marketing Program" means, as to UTGR, that marketing program set forth in Chapter
4 16, Section 4(a)(iii) of Part A, of the Public Laws of 2010, as amended by Chapter 151, Article 25,
5 Section 8 of the Public Laws of 2011, and as amended by Chapter 145, Article 13, Section 5 of the
6 Public Laws of 2014, and as amended by Chapters 005 and 006 of the Public Laws of 2016, and as
7 clarified by this act. As to Newport Grand, "Marketing Program" means that marketing program
8 set forth in Chapter 16, Section 4(a)(iii) of Part B of the Public Laws of 2010, as amended by
9 Chapter 151, Article 25, Section 8 of the Public Laws of 2011, and as amended by Chapters 005
10 and 006 of the Public Laws of 2016, and as clarified by this act.

11 (d) "Marketing Year" means the fiscal year of the state.

12 (e) "Newport Grand" when it is referring to a legal entity, means Premier Entertainment II,
13 LLC and its permitted successors and assigns under the Newport Grand Master Contract. "Newport
14 Grand," when it is referring to a gaming facility, means Newport Grand Slots, located at 150
15 Admiral Kalbfus Road, Newport, Rhode Island, unless and until state-operated video lottery games
16 are no longer offered at such facility in Newport and state-operated video-lottery games are offered
17 at a facility owned by Twin River-Tiverton located in Tiverton, Rhode Island, at which time
18 "Newport Grand" shall mean such Tiverton facility.

19 (f) "Newport Grand Division Percentage" means for any Marketing Year, the Division's
20 percentage of net terminal income derived from video lottery terminals located at the Newport
21 Grand facility as set forth in §42-61.2-7.

22 (g) "Newport Grand Master Contract" means that certain Master Video Lottery Terminal
23 Contract made as of November 23, 2005 by and between the Division and Newport Grand, as
24 amended and/or assigned from time to time in accordance with its terms.

25 (h) "Prior Marketing Year" means the prior state fiscal year.

26 (i) "Promotional Points " means the promotional points issued pursuant to any free play or
27 other promotional program operated by the Division at a licensed video lottery terminal facility
28 (including, without limitation, the Initial Promotional Points Program and Supplementary
29 Promotional Points Program as to UTGR and the Initial Promotional Points Program and
30 Supplementary Promotional Points Program as to Newport Grand), which may be downloaded to
31 a video lottery terminal by a player. Promotional Points are provided to customers and prospective
32 customers for no monetary charge. Customer registration may be required.

33 (j) "Promotional Points Program" means, as to UTGR, the Initial Promotional Points
34 Program or Supplementary Promotional Points Program applicable to UTGR, and as to Newport

1 Grand, the Initial Promotional Points Program or Supplementary Promotional Points Program
2 applicable to Newport Grand.

3 (k) "Supplementary Promotional Points Program" means that promotional points program
4 authorized in Section 8 as to Twin River and Section 9 as to Newport Grand, of Chapters 289 and
5 290 of the Public Laws of 2012.

6 (l) "Twin River-Tiverton" means Twin River-Tiverton LLC, a Delaware Limited Liability
7 Company. References herein to "Twin River-Tiverton" shall include its permitted successors and
8 assigns.

9 (m) "UTGR" has the meaning given that term in Chapter 16 of the Public Laws of 2010,
10 Part A, Section 2(n).

11 (n) "UTGR Division Percentage" means for any Marketing Year, the Division's percentage
12 of net terminal income derived from video lottery terminals located at the Twin River facility as
13 set forth in §42-61.2-7.

14 (o) "UTGR Master Contract" means that certain Master Video Lottery Terminal Contract
15 made as of July 18, 2005 by and between the Division, the Department of Transportation and
16 UTGR, as amended and/or assigned from time to time in accordance with its terms.

17 SECTION 5. Authorized Procurement of Sixth Amendment to the UTGR Master Contract.
18 Notwithstanding any general or public law, regulation or rule to the contrary, within ninety (90)
19 days of the enactment of this act, the Division is hereby expressly authorized, empowered and
20 directed to enter into with UTGR a Sixth Amendment to the UTGR Master Contract as described
21 in this section 5, to become effective April 1, 2017:

22 (a) Amendment to UTGR Supplementary Promotional Points Program.

23 (1) The Supplementary Promotional Points Program applicable to Twin River, which is in
24 addition to the Initial Promotional Points Program), shall be amended so that UTGR may distribute
25 to customers and prospective customers Promotional Points of up to but not more than sixteen
26 percent (16%) of Twin River net terminal income for the Prior Marketing Year. For avoidance of
27 doubt, as a result of the foregoing amendment, the approved amount of Promotional Points that
28 may be distributed by UTGR pursuant to the Initial and Supplementary Promotional Points
29 Programs, in the aggregate, may be up to but not more than twenty percent (20%) of the amount of
30 net terminal income of Twin River for the Prior Marketing Year, plus an additional seven hundred
31 fifty thousand dollars (\$750,000), subject however, to subsections (a)(3) and (a)(4) below. The
32 terms and conditions of the Initial and Supplementary Promotional Points Programs applicable to
33 Twin River shall be established from time to time by the Division, and such terms and conditions
34 shall include, without limitation, a State fiscal year audit of the program, the cost of which audit

1 shall be borne by UTGR.

2 (2) For the avoidance of doubt, the foregoing supersedes and replaces the provisions of the
3 UTGR Master Contract as established by Chapter 016, Section 4(a)(ii) of Part A of the public laws
4 of 2010, as amended pursuant to Chapter 151, Article 25, Section 8 of the Public Laws of 2011.

5 (3) Notwithstanding the foregoing or anything in the general or public laws to the contrary,
6 the amendment to the UTGR Master Contract shall provide that nothing shall prohibit UTGR, with
7 prior approval from the Division, from spending additional funds on the Initial and/or
8 Supplementary Promotional Points Programs (i.e., distributing to customers and prospective
9 customers Promotional Points in amounts in excess of the amounts initially-approved by the
10 Division with respect to the Initial and/or Supplementary Promotional Points Program), even if
11 such additional amounts exceed four percent (4%) of Twin River net terminal income for the Prior
12 Marketing Year plus seven hundred fifty thousand dollars (\$750,000) in regard to the Initial
13 Promotional Points Program for Twin River, or exceed sixteen percent (16%) of Twin River net
14 terminal income for the Prior Marketing Year in regard to the Supplementary Promotional Points
15 Program for Twin River, or exceed twenty percent (20%) of Twin River net terminal income for
16 the Prior Marketing Year plus seven hundred fifty thousand dollars (\$750,000) in regard to the
17 Twin River Initial and Supplementary Promotional Points Programs in the aggregate; provided
18 however, that the expense of any such additional spending on Promotional Points shall be borne by
19 UTGR, subject to subsection (a)(4) below.

20 (4) Notwithstanding any prior public or general law, rule, regulation or policy to the
21 contrary, UTGR shall remit to the Division the amount of any funds spent by UTGR in excess of
22 the amounts initially-approved by the Division with respect to the Initial and/or Supplementary
23 Promotional Points Programs – i.e., distributions to customers and prospective customers of
24 Promotional Points in excess of the amounts initially-approved by the Division for the Initial and/or
25 Supplementary Promotional Points Program, all pursuant to subsection (a)(3) above – and the
26 Division shall distribute such funds to the entities (including UTGR) entitled to a portion (or
27 percent) of net terminal income generated at Twin River pursuant to §42-61.2-7 of the Rhode Island
28 General Laws, paying to each such entity (including UTGR) that portion of the funds that is equal
29 to its portion (or percent) of net terminal income generated at Twin River as set forth in §42-61.2-
30 7 of the Rhode Island General Laws.

31 (b) Except to the extent amended and/or clarified pursuant to subsection (a) above, the
32 terms, provisions and conditions of the UTGR Master Contract, including without limitation those
33 terms, provisions and conditions relating to the Initial Promotion Points Program, the
34 Supplementary Promotional Points Program and the Marketing Program, shall remain in full force

1 and effect. If there is a conflict between any provision of the UTGR Master Contract and this act,
2 the provisions of this act control.

3 SECTION 6. Authorized Procurement of Sixth Amendment to the Newport Grand Master
4 Contract. Notwithstanding any general or public law, regulation or rule to the contrary, within
5 ninety (90) days of the enactment of this act, the Division is hereby expressly authorized,
6 empowered and directed to enter into with Newport Grand a Sixth Amendment to the Newport
7 Grand Master Contract as described in this section 6, to become effective April 1, 2017, except the
8 amendment made pursuant to subsection (b) below shall take effect pursuant to its terms:

9 (a) Amendment to Newport Grand Supplementary Promotional Points Program.

10 (1) The Supplementary Promotional Points Program applicable to Newport Grand, which
11 is in addition to the Initial Promotional Points Program, shall be amended so that Newport Grand
12 may distribute to customers and prospective customers Promotional Points up to but not more than
13 sixteen percent (16%) of Newport Grand net terminal income for the Prior Marketing Year. For
14 avoidance of doubt, as a result of the foregoing amendment, the approved amount of Promotional
15 Points that may be distributed by Newport Grand pursuant to the Initial and Supplementary
16 Promotional Points Programs, in the aggregate, may be up to but not more than twenty percent
17 (20%) of the amount of net terminal income of Newport Grand for the Prior Marketing Year, plus
18 an additional seven hundred fifty thousand dollars (\$750,000), subject however, to subsections
19 (a)(3) and (a)(4) below. The terms and conditions of the Initial and Supplementary Promotional
20 Points Programs applicable to Newport Grand shall be established from time to time by the
21 Division, and such terms and conditions shall include, without limitation, a State fiscal year audit
22 of the program, the cost of which audit shall be borne by Newport Grand.

23 (2) For the avoidance of doubt, the foregoing supersedes and replaces the provisions of the
24 Newport Grand Master Contract as established by Chapter 016, Section 4(a)(ii) of Part B of the
25 public laws of 2010, as amended pursuant to Chapter 151, Article 25, Section 8 of the Public Laws
26 of 2011.

27 (3) Notwithstanding the foregoing or anything in the general or public laws to the contrary,
28 the amendment to the Newport Grand Master Contract shall provide that nothing shall prohibit
29 Newport Grand, with prior approval from the Division, from spending additional funds on the
30 Initial and/or Supplementary Promotional Points Programs (i.e., distributing to customers and
31 prospective customers Promotional Points in amounts in excess of the amounts initially-approved
32 by the Division with respect to the Initial and/or Supplementary Promotional Points Program), even
33 if such additional amounts exceed four percent (4%) of Newport Grand net terminal income for the
34 Prior Marketing Year plus seven hundred fifty thousand dollars (\$750,000) in regard to the Initial

1 Promotional Points Program for Newport Grand, or exceed sixteen percent (16%) of Newport
2 Grand net terminal income for the Prior Marketing Year in regard to the Supplementary
3 Promotional Points Program for Newport Grand, or exceed twenty percent (20%) of Newport
4 Grand net terminal income for the Prior Marketing Year plus seven hundred fifty thousand dollars
5 (\$750,000) in regard to the Newport Grand Initial and Supplementary Promotional Points Programs
6 in the aggregate; provided however, that the expense of any such additional spending on
7 Promotional Points shall be borne by Newport Grand, subject to subsection (a)(4) below.

8 (4) Notwithstanding any prior public or general law, rule, regulation or policy to the
9 contrary, Newport Grand shall remit to the Division the amount of any funds spent by Newport
10 Grand in excess of the amounts initially-approved by the Division with respect to the Initial and/or
11 Supplementary Promotional Points Programs – i.e., distributions to customers and prospective
12 customers of Promotional Points in excess of the amounts initially-approved by the Division for
13 the Initial and/or Supplementary Promotional Points Program, all pursuant to subsection (a)(3)
14 above – and the Division shall distribute such funds to the entities (including Newport Grand)
15 entitled to a portion (or percent) of net terminal income generated at Newport Grand pursuant to
16 §42-61.2-7 of the Rhode Island General Laws, paying to each such entity (including Newport
17 Grand) that portion of the funds that is equal to its portion (or percent) of net terminal income
18 generated at Newport Grand as set forth in §42-61.2-7 of the Rhode Island General Laws.

19 (b) Amendment to conform Newport Grand Master Contract to amendment to §42-61.2-7
20 of the Rhode Island General Laws. The Newport Grand Master Contract shall be amended to
21 conform that contract to the amendments made by section 2 of this act to §42-61.2-7 of the Rhode
22 Island General Laws. More specifically, the Newport Grand Master Contract shall be amended
23 such that the last sentence of Section 3.1 of the Fourth Amendment to the Newport Grand Master
24 Contract (dated July 14, 2015), shall read as follows, or with the following effect: "The increase in
25 rate of net terminal income payable to Newport Grand provided for in this Section 3.1 shall sunset
26 and expire upon the commencement of the operation of casino gaming at Twin River-Tiverton's
27 facility located in the town of Tiverton, and the rate in effect as of June 30, 2013 shall be reinstated,
28 and payable to the licensed entity hosting the casino gaming at such facility."

29 (c) Except to the extent amended and/or clarified pursuant to subsections (a) and (b) above,
30 the terms, provisions and conditions of the Newport Grand Master Contract, including without
31 limitation those terms, provisions and conditions relating to the Initial Promotion Points Program,
32 the Supplementary Promotional Points Program and the Marketing Program, shall remain in full
33 force and effect. If there is a conflict between any provision of the Newport Grand Master Contract
34 and this act, the provisions of this act control.

1 SECTION 7. Section 23-17-38.1 of the General Laws in Chapter 23-17 entitled "Licensing
2 of Health-Care Facilities" is hereby amended to read as follows:

3 **23-17-38.1. Hospitals – Licensing fee.**

4 ~~(a) There is also imposed a hospital licensing fee at the rate of five and eight hundred sixty-~~
5 ~~two thousandths percent (5.862%) upon the net patient services revenue of every hospital for the~~
6 ~~hospital's first fiscal year ending on or after January 1, 2014, except that the license fee for all~~
7 ~~hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent~~
8 ~~(37%). The discount for Washington County hospitals is subject to approval by the Secretary of the~~
9 ~~US Department of Health and Human Services of a state plan amendment submitted by the~~
10 ~~executive office of health and human services for the purpose of pursuing a waiver of the uniformity~~
11 ~~requirement for the hospital license fee. This licensing fee shall be administered and collected by~~
12 ~~the tax administrator, division of taxation within the department of revenue, and all the~~
13 ~~administration, collection and other provisions of chapter 51 of title 44 shall apply. Every hospital~~
14 ~~shall pay the licensing fee to the tax administrator on or before July 11, 2016 and payments shall~~
15 ~~be made by electronic transfer of monies to the general treasurer and deposited to the general fund.~~
16 ~~Every hospital shall, on or before June 13, 2016, make a return to the tax administrator containing~~
17 ~~the correct computation of net patient services revenue for the hospital fiscal year ending September~~
18 ~~30, 2014, and the licensing fee due upon that amount. All returns shall be signed by the hospital's~~
19 ~~authorized representative, subject to the pains and penalties of perjury.~~

20 ~~(b)~~(a) There is also imposed a hospital licensing fee at the rate of five and six hundred fifty-
21 two thousandths percent (5.652%) upon the net patient-services revenue of every hospital for the
22 hospital's first fiscal year ending on or after January 1, 2015, except that the license fee for all
23 hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent
24 (37%). The discount for Washington County hospitals is subject to approval by the Secretary of the
25 U.S. Department of Health and Human Services of a state plan amendment submitted by the
26 executive office of health and human services for the purpose of pursuing a waiver of the uniformity
27 requirement for the hospital license fee. This licensing fee shall be administered and collected by
28 the tax administrator, division of taxation within the department of revenue, and all the
29 administration, collection and other provisions of chapter 51 of title 44 shall apply. Every hospital
30 shall pay the licensing fee to the tax administrator on or before July 10, 2017, and payments shall
31 be made by electronic transfer of monies to the general treasurer and deposited to the general fund.
32 Every hospital shall, on or before June 14, 2017, make a return to the tax administrator containing
33 the correct computation of net patient-services revenue for the hospital fiscal year ending
34 September 30, 2015 and the licensing fee due upon that amount. All returns shall be signed by the

1 hospital's authorized representative, subject to the pains and penalties of perjury.

2 (b) There is also imposed a hospital licensing fee at the rate of five and eight hundred fifty-
3 six thousandths percent (5.856%) of upon the net patient-services revenue of every hospital for the
4 hospital's first fiscal year ending on or after January 1, 2016, except that the license fee for all
5 hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent
6 (37%). The discount for Washington County hospitals is subject to approval by the Secretary of the
7 U.S. Department of Health and Human Services of a state plan amendment submitted by the
8 executive office of health and human services for the purpose of pursuing a waiver of the uniformity
9 requirement for the hospital license fee. This licensing fee shall be administered and collected by
10 the tax administrator, division of taxation within the department of revenue, and all the
11 administration, collection and other provisions of chapter 51 of title 44 shall apply. Every hospital
12 shall pay the licensing fee to the tax administrator on or before July 10, 2018, and payments shall
13 be made by electronic transfer of monies to the general treasurer and deposited to the general fund.
14 Every hospital shall, on or before June 14, 2018, make a return to the tax administrator containing
15 the correct computation of net patient-services revenue for the hospital fiscal year ending
16 September 30, 2016 and the licensing fee due upon that amount. All returns shall be signed by the
17 hospital's authorized representative, subject to the pains and penalties of perjury.

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

20 (1) "Hospital" means the actual facilities and buildings in existence in Rhode Island,
21 licensed pursuant to § 23-17-1 et seq. on June 30, 2010, and thereafter any premises included on
22 that license, regardless of changes in licensure status pursuant to chapter 17.14 of title 23 (hospital
23 conversions) and §23-17-6(b) (change in effective control), that provides short-term acute inpatient
24 and/or outpatient care to persons who require definitive diagnosis and treatment for injury, illness,
25 disabilities, or pregnancy. Notwithstanding the preceding language, the negotiated Medicaid
26 managed care payment rates for a court-approved purchaser that acquires a hospital through
27 receivership, special mastership or other similar state insolvency proceedings (which court-
28 approved purchaser is issued a hospital license after January 1, 2013) shall be based upon the newly
29 negotiated rates between the court-approved purchaser and the health plan, and such rates shall be
30 effective as of the date that the court-approved purchaser and the health plan execute the initial
31 agreement containing the newly negotiated rate. The rate-setting methodology for inpatient hospital
32 payments and outpatient hospital payments set for the §§ 40-8-13.4(b)(1)(B)(iii) and 40-8-
33 13.4(b)(2), respectively, shall thereafter apply to negotiated increases for each annual twelve-month
34 (12) period as of July 1 following the completion of the first full year of the court-approved

1 purchaser's initial Medicaid managed care contract.

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

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

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

9 (e) The licensing fee imposed by this section shall apply to hospitals as defined herein that
10 are duly licensed on July 1, ~~2016~~ [2017](#), and shall be in addition to the inspection fee imposed by §
11 23-17-38 and to any licensing fees previously imposed in accordance with § 23-17-38.1.

12 SECTION 8. Chapter 44-1 of the General Laws entitled "State Tax Officials" is hereby
13 amended by adding thereto the following sections:

14 **44-1-37. Administrative penalties and attorney's fees.**

15 (a) Whenever a licensee and/or a taxpayer violates any provision of title 44 or the
16 regulations promulgated thereunder, the tax administrator may, in accordance with the
17 requirements of the Administrative Procedures Act, Chapter 35 of Title 42 of the Rhode Island
18 General Laws:

- 19 (1) Revoke or suspend a license or permit issued by the division of taxation;
20 (2) Levy an administrative penalty in an amount not less than one hundred (\$100) nor more
21 than fifty thousand dollars (\$50,000);
22 (3) Order the violator to cease such actions; and/or
23 (4) Any combination of the above penalties.

24 (b) The tax administrator is hereby authorized, and may in his or her discretion, recover
25 the reasonable cost of legal services provided by in-house attorneys in the Department of Revenue
26 and/or the Division of Taxation incurred in matters pertaining to administrative hearings, court
27 hearings, and appeals. Nothing in this section shall limit the power of the tax administrator to retain
28 outside legal counsel and to recover the costs of such legal counsel pursuant to other provisions of
29 the general laws.

30 (c) Any monetary penalties assessed pursuant to this section shall be deposited in the
31 general fund.

32 **44-1-38. Jeopardy determinations.**

33 If the tax administrator believes that the collection of any amount of tax, interest, and/or
34 penalty assessed in a notice of deficiency determination will be jeopardized by a delay which could

1 render a person or entity judgment proof and/or frustrate the collectability of said determination,
2 the tax administrator shall thereupon make a jeopardy determination of the amount of tax required
3 to be collected, including interest and penalties, if any. Said jeopardy determination shall state
4 briefly the facts upon which it is based. The amount of the tax, interest, and/or penalties so
5 determined shall be due and payable immediately upon the mailing by the tax administrator of the
6 notice of that jeopardy determination. Within thirty (30) days of the date of the mailing of the notice
7 of the jeopardy determination, the taxpayer may bring an action in the sixth (6th) division district
8 court appealing the jeopardy determination. Within twenty (20) days after the action is commenced,
9 the district court shall make a determination of whether or not the making of the jeopardy
10 assessment was reasonable under the circumstances.

11 **44-1-39. Information deemed state property.**

12 For the purpose of determining taxpayer compliance, any and all information or data
13 required to be generated or maintained pursuant to title 44 and/or the regulations promulgated
14 thereunder, shall be deemed to be the property of the State of Rhode Island.

15 SECTION 9. Sections 44-11-2.2 and 44-11-29 of the General Laws in Chapter 44-11
16 entitled "Business Corporation Tax" are hereby amended to read as follows:

17 **44-11-2.2 Pass-Through Entities – Definitions – Withholding – Returns.**

18 (a) Definitions.

19 (1) "Pass-through entity" means a corporation that for the applicable tax year is treated as
20 an S Corporation under IRC § 1362(a) [26 U.S.C. § 1362(a)], and a general partnership, limited
21 partnership, limited liability partnership, trust, or limited liability company that for the applicable
22 tax year is not taxed as a corporation for federal tax purposes under the state's check-the-box
23 regulation.

24 (2) "Member" means an individual who is a shareholder of an S corporation; a partner in a
25 general partnership, a limited partnership, or a limited liability partnership; a member of a limited
26 liability company; or a beneficiary of a trust;

27 (3) "Nonresident" means an individual who is not a resident of or domiciled in the state, a
28 business entity that does not have its commercial domicile in the state, and a trust not organized in
29 the state.

30 (b) *Withholding.*

31 (1) A pass-through entity shall withhold income tax at the highest Rhode Island
32 withholding tax rate provided for individuals or ~~nine percent (9%)~~ seven percent (7%) for
33 corporations on the member's share of income of the entity which is derived from or attributable to
34 sources within this state distributed to each nonresident member and pay the withheld amount in

1 the manner prescribed by the tax administrator. The pass-through entity shall be liable for the
2 payment of the tax required to be withheld under this section and shall not be liable to such member
3 for the amount withheld and paid over in compliance with this section. A member of a pass-through
4 entity that is itself a pass-through entity (a "lower-tier pass-through entity") shall be subject to this
5 same requirement to withhold and pay over income tax on the share of income distributed by the
6 lower-tier pass-through entity to each of its nonresident members. The tax administrator shall apply
7 tax withheld and paid over by a pass-through entity on distributions to a lower-tier pass-through
8 entity to the withholding required of that lower-tier pass-through entity.

9 (2) A pass-through entity shall, at the time of payment made pursuant to this section, deliver
10 to the tax administrator a return upon a form prescribed by the tax administrator showing the total
11 amounts paid or credited to its nonresident members, the amount withheld in accordance with this
12 section, and any other information the tax administrator may require. A pass-through entity shall
13 furnish to its nonresident member annually, but not later than the fifteenth day of the third month
14 after the end of its taxable year, a record of the amount of tax withheld on behalf of such member
15 on a form prescribed by the tax administrator.

16 (c) Notwithstanding subsection (b), a pass-through entity is not required to withhold tax
17 for a nonresident member if:

18 (1) The member has a pro rata or distributive share of income of the pass-through entity
19 from doing business in, or deriving income from sources within, this State of less than \$1,000 per
20 annual accounting period;

21 (2) The tax administrator has determined by regulation, ruling or instruction that the
22 member's income is not subject to withholding; or

23 (3) The member elects to have the tax due paid as part of a composite return filed by the
24 pass-through entity under subsection (d); or

25 (4) The entity is a publicly traded partnership as defined by Section 7704(b) of the Internal
26 Revenue Code (26 U.S.C. § 7704(b)) that is treated as a partnership for the purposes of the Internal
27 Revenue Code and that has agreed to file an annual information return reporting the name, address,
28 taxpayer identification number and other information requested by the tax administrator of each
29 unitholder with an income in the state in excess of \$500.

30 (d) *Composite return.*

31 (1) A pass-through entity may file a composite income tax return on behalf of electing
32 nonresident members reporting and paying income tax at the state's highest marginal rate on the
33 members' pro rata or distributive shares of income of the pass-through entity from doing business
34 in, or deriving income from sources within, this State.

1 (2) A nonresident member whose only source of income within a state is from one or more
2 pass-through entities may elect to be included in a composite return filed pursuant to this section.

3 (3) A nonresident member that has been included in a composite return may file an
4 individual income tax return and shall receive credit for tax paid on the member's behalf by the
5 pass-through entity.

6 **44-11-29. Notice to tax administrator of sale of assets – Tax due.**

7 (a) The sale or transfer of the major part in value of the assets of a domestic corporation,
8 domestic limited liability company, domestic limited partnership, or any other domestic business
9 entity, or of the major part in value of the assets situated in this state of a foreign corporation,
10 foreign limited liability company, foreign limited partnership, or any other foreign business entity,
11 other than in the ordinary course of trade and in the regular and usual prosecution of ~~the~~
12 ~~corporation's~~ business by said corporation, limited liability company, limited partnership, or any
13 other business entity whether domestic or foreign, and the sale or transfer of the major part in value
14 of the assets of a domestic corporation, domestic limited liability company, domestic limited
15 partnership, or any other domestic corporation business entity, or of the major part in value of the
16 assets situated in this state of a foreign corporation, foreign limited liability company, foreign
17 limited partnership, or any other foreign business entity which is engaged in the business of buying,
18 selling, leasing, renting, managing, or dealing in real estate, shall be fraudulent and void as against
19 the state unless the corporation, limited liability company, limited partnership, or any other business
20 entity, whether domestic or foreign, ~~corporation shall~~, at least five (5) business days before the sale
21 or transfer, ~~notify~~ notifies the tax administrator of the proposed sale or transfer and of the price,
22 terms, and conditions of the sale or transfer and of the character and location of the assets by
23 requesting a letter of good standing from the tax division. Whenever a corporation, limited liability
24 company, limited partnership, or any other business entity, whether domestic or foreign, ~~shall~~
25 makes such a sale or transfer, ~~the tax imposed by this chapter~~ any and all tax returns required to be
26 filed under this title must be filed and any and all taxes imposed under this title shall become due
27 and payable at the time when the tax administrator is so notified of the sale or transfer, or, if he or
28 she is not so notified, at the time when he or she should have been notified of the sale or transfer.

29 (b) This section shall not apply to sales by receivers, assignees under a voluntary
30 assignment for the benefit of creditors, trustees in bankruptcy, debtors in possession in bankruptcy,
31 or public officers acting under judicial process.

32 ~~SECTION 10. Section 44-18-30 of the General Laws in Chapter 44-18 entitled "Sales and~~
33 ~~Use Taxes—Liability and Computation" is hereby amended to read as follows:~~

34 SECTION 10. Sections 44-18-7.1, 44-18-30 and 44-18-30.1 of the General Laws in

1 Chapter 44-18 entitled "Sales and Use Taxes - Liability and Computation" are hereby amended to
2 read as follows:

3 **44-18-7.1. Additional definitions.**

4 (a) "Agreement" means the Streamlined Sales and Use Tax Agreement.

5 (b) "Alcoholic Beverages" means beverages that are suitable for human consumption and
6 contain one-half of one percent (.5%) or more of alcohol by volume.

7 (c) "Bundled Transaction" is the retail sale of two or more products, except real property
8 and services to real property, where (1) the products are otherwise distinct and identifiable, and (2)
9 the products are sold for one non-itemized price. A "bundled transaction" does not include the sale
10 of any products in which the "sales price" varies, or is negotiable, based on the selection by the
11 purchaser of the products included in the transaction.

12 (i) "Distinct and identifiable products" does not include:

13 (A) Packaging -- such as containers, boxes, sacks, bags, and bottles -- or other materials --
14 such as wrapping, labels, tags, and instruction guides -- that accompany the "retail sale" of the
15 products and are incidental or immaterial to the "retail sale" thereof. Examples of packaging that
16 are incidental or immaterial include grocery sacks, shoeboxes, dry cleaning garment bags and
17 express delivery envelopes and boxes.

18 (B) A product provided free of charge with the required purchase of another product. A
19 product is "provided free of charge" if the "sales price" of the product purchased does not vary
20 depending on the inclusion of the products "provided free of charge."

21 (C) Items included in the member state's definition of "sales price," pursuant to Appendix
22 C of the Agreement.

23 (ii) The term "one non-itemized price" does not include a price that is separately identified
24 by product on binding sales or other supporting sales-related documentation made available to the
25 customer in paper or electronic form including, but not limited to, an invoice, bill of sale, receipt,
26 contract, service agreement, lease agreement, periodic notice of rates and services, rate card, or
27 price list.

28 (iii) A transaction that otherwise meets the definition of a "bundled transaction" as defined
29 above, is not a "bundled transaction" if it is:

30 (A) The "retail sale" of tangible personal property and a service where the tangible personal
31 property is essential to the use of the service, and is provided exclusively in connection with the
32 service, and the true object of the transaction is the service; or

33 (B) The "retail sale" of services where one service is provided that is essential to the use or
34 receipt of a second service and the first service is provided exclusively in connection with the

1 second service and the true object of the transaction is the second service; or

2 (C) A transaction that includes taxable products and nontaxable products and the "purchase
3 price" or "sales price" of the taxable products is de minimis.

4 1. De minimis means the seller's "purchase price" or "sales price" of the taxable products
5 is ten percent (10%) or less of the total "purchase price" or "sales price" of the bundled products.

6 2. Sellers shall use either the "purchase price" or the "sales price" of the products to
7 determine if the taxable products are de minimis. Sellers may not use a combination of the
8 "purchase price" and "sales price" of the products to determine if the taxable products are de
9 minimis.

10 3. Sellers shall use the full term of a service contract to determine if the taxable products
11 are de minimis; or

12 (D) The "retail sale" of exempt tangible personal property and taxable tangible personal
13 property where:

14 1. the transaction includes "food and food ingredients", "drugs", "durable medical
15 equipment", "mobility enhancing equipment", "over-the-counter drugs", "prosthetic devices" (all
16 as defined in § 44-18-7.1) or medical supplies; and

17 2. where the seller's "purchase price" or "sales price" of the taxable tangible personal
18 property is fifty percent (50%) or less of the total "purchase price" or "sales price" of the bundled
19 tangible personal property. Sellers may not use a combination of the "purchase price" and "sales
20 price" of the tangible personal property when making the fifty percent (50%) determination for a
21 transaction.

22 (d) "Certified Automated System (CAS)" means software certified under the Agreement to
23 calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to remit
24 to the appropriate state, and maintain a record of the transaction.

25 (e) "Certified Service Provider (CSP)" means an agent certified under the Agreement to
26 perform all the seller's sales and use tax functions, other than the seller's obligation to remit tax on
27 its own purchases.

28 (f) Clothing and Related Items

29 (i) "Clothing" means all human wearing apparel suitable for general use.

30 (ii) "Clothing accessories or equipment" means incidental items worn on the person or in
31 conjunction with "clothing." "Clothing accessories or equipment" does not include "clothing,"
32 "sport or recreational equipment," or "protective equipment."

33 (iii) "Protective equipment" means items for human wear and designed as protection of the
34 wearer against injury or disease or as protections against damage or injury of other persons or

1 property but not suitable for general use. "Protective equipment" does not include "clothing,"
2 "clothing accessories or equipment," and "sport or recreational equipment."

3 (iv) "Sport or recreational equipment" means items designed for human use and worn in
4 conjunction with an athletic or recreational activity that are not suitable for general use. "Sport or
5 recreational equipment" does not include "clothing," "clothing accessories or equipment," and
6 "protective equipment."

7 (g) Computer and Related Items

8 (i) "Computer" means an electronic device that accepts information in digital or similar
9 form and manipulates it for a result based on a sequence of instructions.

10 (ii) "Computer software" means a set of coded instructions designed to cause a "computer"
11 or automatic data processing equipment to perform a task.

12 (iii) "Delivered electronically" means delivered to the purchaser by means other than
13 tangible storage media.

14 (iv) "Electronic" means relating to technology having electrical, digital, magnetic, wireless,
15 optical, electromagnetic, or similar capabilities.

16 (v) "Load and leave" means delivery to the purchaser by use of a tangible storage media
17 where the tangible storage media is not physically transferred to the purchaser.

18 (vi) "Prewritten computer software" means "computer software," including prewritten
19 upgrades, which is not designed and developed by the author or other creator to the specifications
20 of a specific purchaser. The combining of two (2) or more "prewritten computer software"
21 programs or prewritten portions thereof does not cause the combination to be other than "prewritten
22 computer software." "Prewritten computer software" includes software designed and developed by
23 the author or other creator to the specifications of a specific purchaser when it is sold to a person
24 other than the specific purchaser. Where a person modifies or enhances "computer software" of
25 which the person is not the author or creator, the person shall be deemed to be the author or creator
26 only of such person's modifications or enhancements. "Prewritten computer software" or a
27 prewritten portion thereof that is modified or enhanced to any degree, where such modification or
28 enhancement is designed and developed to the specifications of a specific purchaser, remains
29 "prewritten computer software;" provided, however, that where there is a reasonable, separately
30 stated charge or an invoice or other statement of the price given to the purchaser for such
31 modification or enhancement, such modification or enhancement shall not constitute "prewritten
32 computer software."

33 (h) Drugs and Related Items

34 (i) "Drug" means a compound, substance or preparation, and any component of a

1 compound, substance or preparation, other than "food and food ingredients," "dietary supplements"
2 or "alcoholic beverages:"

3 (A) Recognized in the official United States Pharmacopoeia, official Homeopathic
4 Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;
5 or

6 (B) Intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease;
7 or

8 (C) Intended to affect the structure or any function of the body.

9 "Drug" shall also include insulin and medical oxygen whether or not sold on prescription.

10 (ii) "Over-the-counter-drug" means a drug that contains a label that identifies the product
11 as a drug as required by 21 C.F.R. § 201.66. The "over-the-counter-drug" label includes:

12 (A) A "Drug Facts" panel; or

13 (B) A statement of the "active ingredient(s)" with a list of those ingredients contained in
14 the compound, substance or preparation.

15 "Over-the-counter-drug" shall not include "grooming and hygiene products."

16 (iii) "Grooming and hygiene products" are soaps and cleaning solutions, shampoo,
17 toothpaste, mouthwash, antiperspirants, and suntan lotions and screens, regardless of whether the
18 items meet the definition of "over-the-counter-drugs."

19 (iv) "Prescription" means an order, formula or recipe issued in any form of oral, written,
20 electronic, or other means of transmission by a duly licensed practitioner authorized by the laws of
21 the member state.

22 (i) "Delivery charges" means charges by the seller of personal property or services for
23 preparation and delivery to a location designated by the purchaser of personal property or services
24 including, but not limited to, transportation, shipping, postage, handling, crating, and packing.

25 "Delivery charges" shall not include the charges for delivery of "direct mail" if the charges
26 are separately stated on an invoice or similar billing document given to the purchaser.

27 (j) "Direct mail" means printed material delivered or distributed by United States mail or
28 other delivery service to a mass audience or to addressees on a mailing list provided by the
29 purchaser or at the direction of the purchaser when the cost of the items are not billed directly to
30 the recipients. "Direct mail" includes tangible personal property supplied directly or indirectly by
31 the purchaser to the direct mail seller for inclusion in the package containing the printed material.
32 "Direct mail" does not include multiple items of printed material delivered to a single address.

33 (k) "Durable medical equipment" means equipment including repair and replacement parts
34 for same which:

- 1 (i) Can withstand repeated use; and
2 (ii) Is primarily and customarily used to serve a medical purpose; and
3 (iii) Generally is not useful to a person in the absence of illness or injury; and
4 (iv) Is not worn in or on the body.

5 Durable medical equipment does not include mobility enhancing equipment.

6 (l) Food and Related Items

7 (i) "Food and food ingredients" means substances, whether in liquid, concentrated, solid,
8 frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are
9 consumed for their taste or nutritional value [and seeds and plants used to grow food and food](#)
10 [ingredients](#). "Food and food ingredients" does not include "alcoholic beverages," "tobacco,"
11 "candy," "dietary supplements" ~~and~~, "soft drinks" [or "marijuana seeds or plants"](#).

12 (ii) "Prepared food" means:

13 (A) Food sold in a heated state or heated by the seller;

14 (B) Two (2) or more food ingredients mixed or combined by the seller for sale as a single
15 item; or

16 (C) Food sold with eating utensils provided by the seller, including plates, knives, forks,
17 spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to
18 transport the food.

19 "Prepared food" in (B) does not include food that is only cut, repackaged, or pasteurized
20 by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring
21 cooking by the consumer as recommended by the Food and Drug Administration in chapter 3, part
22 401.11 of its Food Code so as to prevent food borne illnesses.

23 (iii) "Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners
24 in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars,
25 drops, or pieces. "Candy" shall not include any preparation containing flour and shall require no
26 refrigeration.

27 (iv) "Soft drinks" means non-alcoholic beverages that contain natural or artificial
28 sweeteners. "Soft drinks" do not include beverages that contain milk or milk products, soy, rice or
29 similar milk substitutes, or greater than fifty percent (50%) of vegetable or fruit juice by volume.

30 (v) "Dietary supplement" means any product, other than "tobacco," intended to supplement
31 the diet that:

32 (A) Contains one or more of the following dietary ingredients:

- 33 1. A vitamin;
34 2. A mineral;

- 1 3. An herb or other botanical;
- 2 4. An amino acid;
- 3 5. A dietary substance for use by humans to supplement the diet by increasing the total
- 4 dietary intake; or
- 5 6. A concentrate, metabolite, constituent, extract, or combination of any ingredient
- 6 described in above; and
- 7 (B) Is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or
- 8 if not intended for ingestion in such a form, is not represented as conventional food and is not
- 9 represented for use as a sole item of a meal or of the diet; and
- 10 (C) Is required to be labeled as a dietary supplement, identifiable by the "Supplemental
- 11 Facts" box found on the label and as required pursuant to 21 C.F.R. § 101.36.
- 12 (m) "Food sold through vending machines" means food dispensed from a machine or other
- 13 mechanical device that accepts payment.
- 14 (n) "Hotel" means every building or other structure kept, used, maintained, advertised as
- 15 or held out to the public to be a place where living quarters are supplied for pay to transient or
- 16 permanent guests and tenants and includes a motel.
- 17 (i) "Living quarters" means sleeping rooms, sleeping or housekeeping accommodations, or
- 18 any other room or accommodation in any part of the hotel, rooming house or tourist camp which is
- 19 available for or rented out for hire in the lodging of guests.
- 20 (ii) "Rooming house" means every house, boat, vehicle, motor court or other structure kept,
- 21 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 buildings.
- 23 (iii) "Tourist camp" means a place where tents or tent houses, or camp cottages, or cabins
- 24 or other structures are located and offered to the public or any segment thereof for human
- 25 habitation.
- 26 (o) "Lease or rental" means any transfer of possession or control of tangible personal
- 27 property for a fixed or indeterminate term for consideration. A lease or rental may include future
- 28 options to purchase or extend. Lease or rental does not include:
- 29 (i) A transfer of possession or control of property under a security agreement or deferred
- 30 payment plan that requires the transfer of title upon completion of the required payments;
- 31 (ii) A transfer or possession or control of property under an agreement that requires the
- 32 transfer of title upon completion of required payments and payment of an option price does not
- 33 exceed the greater of one hundred dollars (\$100) or one percent of the total required payments; or
- 34 (iii) Providing tangible personal property along with an operator for a fixed or

1 indeterminate period of time. A condition of this exclusion is that the operator is necessary for the
2 equipment to perform as designed. For the purpose of this subsection, an operator must do more
3 than maintain, inspect, or set-up the tangible personal property.

4 (iv) Lease or rental does include agreements covering motor vehicles and trailers where the
5 amount of consideration may be increased or decreased by reference to the amount realized upon
6 sale or disposition of the property as defined in 26 U.S.C. § 7701(h)(1).

7 (v) This definition shall be used for sales and use tax purposes regardless if a transaction
8 is characterized as a lease or rental under generally accepted accounting principles, the Internal
9 Revenue Code, the Uniform Commercial Code, or other provisions of federal, state or local law.

10 (vi) This definition will be applied only prospectively from the date of adoption and will
11 have no retroactive impact on existing leases or rentals. This definition shall neither impact any
12 existing sale-leaseback exemption or exclusions that a state may have, nor preclude a state from
13 adopting a sale-leaseback exemption or exclusion after the effective date of the Agreement.

14 (p) "Mobility enhancing equipment" means equipment including repair and replacement
15 parts to same, which:

16 (i) Is primarily and customarily used to provide or increase the ability to move from one
17 place to another and which is appropriate for use either in a home or a motor vehicle; and

18 (ii) Is not generally used by persons with normal mobility; and

19 (iii) Does not include any motor vehicle or equipment on a motor vehicle normally
20 provided by a motor vehicle manufacturer.

21 Mobility enhancing equipment does not include durable medical equipment.

22 (q) "Model 1 Seller" means a seller that has selected a CSP as its agent to perform all the
23 seller's sales and use tax functions, other than the seller's obligation to remit tax on its own
24 purchases.

25 (r) "Model 2 Seller" means a seller that has selected a CAS to perform part of its sales and
26 use tax functions, but retains responsibility for remitting the tax.

27 (s) "Model 3 Seller" means a seller that has sales in at least five member states, has total
28 annual sales revenue of at least five hundred million dollars (\$500,000,000), has a proprietary
29 system that calculates the amount of tax due each jurisdiction, and has entered into a performance
30 agreement with the member states that establishes a tax performance standard for the seller. As
31 used in this definition, a seller includes an affiliated group of sellers using the same proprietary
32 system.

33 (t) "Prosthetic device" means a replacement, corrective, or supportive devices including
34 repair and replacement parts for same worn on or in the body to:

- 1 (i) Artificially replace a missing portion of the body;
- 2 (ii) Prevent or correct physical deformity or malfunction; or
- 3 (iii) Support a weak or deformed portion of the body.
- 4 (u) "Purchaser" means a person to whom a sale of personal property is made or to whom a
5 service is furnished.
- 6 (v) "Purchase price" applies to the measure subject to use tax and has the same meaning as
7 sales price.
- 8 (w) "Seller" means a person making sales, leases, or rentals of personal property or
9 services.
- 10 (x) "State" means any state of the United States and the District of Columbia.
- 11 (y) "Telecommunications" tax base/exemption terms
- 12 (i) Telecommunication terms shall be defined as follows:
- 13 (A) "Ancillary services" means services that are associated with or incidental to the
14 provision of "telecommunications services", including, but not limited to, "detailed
15 telecommunications billing", "directory assistance", "vertical service", and "voice mail services".
- 16 (B) "Conference bridging service" means an "ancillary service" that links two (2) or more
17 participants of an audio or video conference call and may include the provision of a telephone
18 number. "Conference bridging service" does not include the "telecommunications services" used
19 to reach the conference bridge.
- 20 (C) "Detailed telecommunications billing service" means an "ancillary service" of
21 separately stating information pertaining to individual calls on a customer's billing statement.
- 22 (D) "Directory assistance" means an "ancillary service" of providing telephone number
23 information, and/or address information.
- 24 (E) "Vertical service" means an "ancillary service" that is offered in connection with one
25 or more "telecommunications services", which offers advanced calling features that allow
26 customers to identify callers and to manage multiple calls and call connections, including
27 "conference bridging services".
- 28 (F) "Voice mail service" means an "ancillary service" that enables the customer to store,
29 send or receive recorded messages. "Voice mail service" does not include any "vertical services"
30 that the customer may be required to have in order to utilize the "voice mail service".
- 31 (G) "Telecommunications service" means the electronic transmission, conveyance, or
32 routing of voice, data, audio, video, or any other information or signals to a point, or between or
33 among points. The term "telecommunications service" includes such transmission, conveyance, or
34 routing in which computer processing applications are used to act on the form, code or protocol of

1 the content for purposes of transmission, conveyance or routing without regard to whether such
2 service is referred to as voice over Internet protocol services or is classified by the Federal
3 Communications Commission as enhanced or value added. "Telecommunications service" does not
4 include:

5 (1) Data processing and information services that allow data to be generated, acquired,
6 stored, processed, or retrieved and delivered by an electronic transmission to a purchaser where
7 such purchaser's primary purpose for the underlying transaction is the processed data or
8 information;

9 (2) Installation or maintenance of wiring or equipment on a customer's premises;

10 (3) Tangible personal property;

11 (4) Advertising, including, but not limited to, directory advertising.

12 (5) Billing and collection services provided to third parties;

13 (6) Internet access service;

14 (7) Radio and television audio and video programming services, regardless of the medium,
15 including the furnishing of transmission, conveyance and routing of such services by the
16 programming service provider. Radio and television audio and video programming services shall
17 include, but not be limited to, cable service as defined in 47 U.S.C. § 522(6) and audio and video
18 programming services delivered by commercial mobile radio service providers, as defined in 47
19 CFR 20.3;

20 (8) "Ancillary services"; or

21 (9) Digital products "delivered electronically", including, but not limited to, software,
22 music, video, reading materials or ring tones.

23 (H) "800 service" means a "telecommunications service" that allows a caller to dial a toll-
24 free number without incurring a charge for the call. The service is typically marketed under the
25 name "800", "855", "866", "877", and "888" toll-free calling, and any subsequent numbers
26 designated by the Federal Communications Commission.

27 (I) "900 service" means an inbound toll "telecommunications service" purchased by a
28 subscriber that allows the subscriber's customers to call in to the subscriber's prerecorded
29 announcement or live service. "900 service" does not include the charge for: collection services
30 provided by the seller of the "telecommunications services" to the subscriber, or service or product
31 sold by the subscriber to the subscriber's customer. The service is typically marketed under the
32 name "900 service," and any subsequent numbers designated by the Federal Communications
33 Commission.

34 (J) "Fixed wireless service" means a "telecommunications service" that provides radio

1 communication between fixed points.

2 (K) "Mobile wireless service" means a "telecommunications service" that is transmitted,
3 conveyed or routed regardless of the technology used, whereby the origination and/or termination
4 points of the transmission, conveyance or routing are not fixed, including, by way of example only,
5 "telecommunications services" that are provided by a commercial mobile radio service provider.

6 (L) "Paging service" means a "telecommunications service" that provides transmission of
7 coded radio signals for the purpose of activating specific pagers; such transmissions may include
8 messages and/or sounds.

9 (M) "Prepaid calling service" means the right to access exclusively "telecommunications
10 services", which must be paid for in advance and which enables the origination of calls using an
11 access number or authorization code, whether manually or electronically dialed, and that is sold in
12 predetermined units or dollars of which the number declines with use in a known amount.

13 (N) "Prepaid wireless calling service" means a "telecommunications service" that provides
14 the right to utilize "mobile wireless service" as well as other non-telecommunications services
15 including the download of digital products "delivered electronically", content and "ancillary
16 services" which must be paid for in advance that is sold in predetermined units of dollars of which
17 the number declines with use in a known amount.

18 (O) "Private communications service" means a telecommunications service that entitles the
19 customer to exclusive or priority use of a communications channel or group of channels between
20 or among termination points, regardless of the manner in which such channel or channels are
21 connected, and includes switching capacity, extension lines, stations, and any other associated
22 services that are provided in connection with the use of such channel or channels.

23 (P) "Value-added non-voice data service" means a service that otherwise meets the
24 definition of "telecommunications services" in which computer processing applications are used to
25 act on the form, content, code, or protocol of the information or data primarily for a purpose other
26 than transmission, conveyance or routing.

27 (ii) "Modifiers of Sales Tax Base/Exemption Terms" -- the following terms can be used to
28 further delineate the type of "telecommunications service" to be taxed or exempted. The terms
29 would be used with the broader terms and subcategories delineated above.

30 (A) "Coin-operated telephone service" means a "telecommunications service" paid for by
31 inserting money into a telephone accepting direct deposits of money to operate.

32 (B) "International" means a "telecommunications service" that originates or terminates in
33 the United States and terminates or originates outside the United States, respectively. United States
34 includes the District of Columbia or a U.S. territory or possession.

1 (C) "Interstate" means a "telecommunications service" that originates in one United States
2 state, or a United States territory or possession, and terminates in a different United States state or
3 a United States territory or possession.

4 (D) "Intrastate" means a "telecommunications service" that originates in one United States
5 state or a United States territory or possession, and terminates in the same United States state or a
6 United States territory or possession.

7 (E) "Pay telephone service" means a "telecommunications service" provided through any
8 pay telephone.

9 (F) "Residential telecommunications service" means a "telecommunications service" or
10 "ancillary services" provided to an individual for personal use at a residential address, including an
11 individual dwelling unit such as an apartment. In the case of institutions where individuals reside,
12 such as schools or nursing homes, "telecommunications service" is considered residential if it is
13 provided to and paid for by an individual resident rather than the institution.

14 The terms "ancillary services" and "telecommunications service" are defined as a broad
15 range of services. The terms "ancillary services" and "telecommunications service" are broader
16 than the sum of the subcategories. Definitions of subcategories of "ancillary services" and
17 "telecommunications service" can be used by a member state alone or in combination with other
18 subcategories to define a narrower tax base than the definitions of "ancillary services" and
19 "telecommunications service" would imply. The subcategories can also be used by a member state
20 to provide exemptions for certain subcategories of the more broadly defined terms.

21 A member state that specifically imposes tax on, or exempts from tax, local telephone or
22 local telecommunications service may define "local service" in any manner in accordance with §
23 44-18.1-28, except as limited by other sections of this Agreement.

24 (z) "Tobacco" means cigarettes, cigars, chewing or pipe tobacco, or any other item that
25 contains tobacco.

26 **44-18-30. Gross receipts exempt from sales and use taxes.**

27 There are exempted from the taxes imposed by this chapter the following gross receipts:

28 (1) Sales and uses beyond constitutional power of state. From the sale and from the storage,
29 use, or other consumption in this state of tangible personal property the gross receipts from the sale
30 of which, or the storage, use, or other consumption of which, this state is prohibited from taxing
31 under the Constitution of the United States or under the constitution of this state.

32 (2) Newspapers.

33 (i) From the sale and from the storage, use, or other consumption in this state of any
34 newspaper.

1 (ii) "Newspaper" means an unbound publication printed on newsprint that contains news,
2 editorial comment, opinions, features, advertising matter, and other matters of public interest.

3 (iii) "Newspaper" does not include a magazine, handbill, circular, flyer, sales catalog, or
4 similar item unless the item is printed for, and distributed as, a part of a newspaper.

5 (3) School meals. From the sale and from the storage, use, or other consumption in this
6 state of meals served by public, private, or parochial schools, school districts, colleges, universities,
7 student organizations, and parent-teacher associations to the students or teachers of a school,
8 college, or university whether the meals are served by the educational institutions or by a food
9 service or management entity under contract to the educational institutions.

10 (4) Containers.

11 (i) From the sale and from the storage, use, or other consumption in this state of:

12 (A) Non-returnable containers, including boxes, paper bags, and wrapping materials that
13 are biodegradable and all bags and wrapping materials utilized in the medical and healing arts,
14 when sold without the contents to persons who place the contents in the container and sell the
15 contents with the container.

16 (B) Containers when sold with the contents if the sale price of the contents is not required
17 to be included in the measure of the taxes imposed by this chapter.

18 (C) Returnable containers when sold with the contents in connection with a retail sale of
19 the contents or when resold for refilling.

20 (ii) As used in this subdivision, the term "returnable containers" means containers of a kind
21 customarily returned by the buyer of the contents for reuse. All other containers are "non-returnable
22 containers."

23 (5) (i) Charitable, educational, and religious organizations. From the sale to, as in defined
24 in this section, and from the storage, use, and other consumption in this state, or any other state of
25 the United States of America, of tangible personal property by hospitals not operated for a profit;
26 "educational institutions" as defined in subdivision (18) not operated for a profit; churches,
27 orphanages, and other institutions or organizations operated exclusively for religious or charitable
28 purposes; interest-free loan associations not operated for profit; nonprofit, organized sporting
29 leagues and associations and bands for boys and girls under the age of nineteen (19) years; the
30 following vocational student organizations that are state chapters of national vocational students
31 organizations: Distributive Education Clubs of America (DECA); Future Business Leaders of
32 America, Phi Beta Lambda (FBLA/PBL); Future Farmers of America (FFA); Future Homemakers
33 of America/Home Economics Related Occupations (FHA/HERD); Vocational Industrial Clubs of
34 America (VICA); organized nonprofit golden age and senior citizens clubs for men and women;

1 and parent-teacher associations; and from the sale, storage, use, and other consumption in this state,
2 of and by the Industrial Foundation of Burrillville, a Rhode Island domestic nonprofit corporation.

3 (ii) In the case of contracts entered into with the federal government, its agencies, or
4 instrumentalities, this state, or any other state of the United States of America, its agencies, any
5 city, town, district, or other political subdivision of the states; hospitals not operated for profit;
6 educational institutions not operated for profit; churches, orphanages, and other institutions or
7 organizations operated exclusively for religious or charitable purposes, the contractor may purchase
8 such materials and supplies (materials and/or supplies are defined as those that are essential to the
9 project) that are to be utilized in the construction of the projects being performed under the contracts
10 without payment of the tax.

11 (iii) The contractor shall not charge any sales or use tax to any exempt agency, institution,
12 or organization but shall in that instance provide his or her suppliers with certificates in the form
13 as determined by the division of taxation showing the reason for exemption and the contractor's
14 records must substantiate the claim for exemption by showing the disposition of all property so
15 purchased. If any property is then used for a nonexempt purpose, the contractor must pay the tax
16 on the property used.

17 (6) Gasoline. From the sale and from the storage, use, or other consumption in this state of:
18 (i) gasoline and other products taxed under chapter 36 of title 31 and (ii) fuels used for the
19 propulsion of airplanes.

20 (7) Purchase for manufacturing purposes.

21 (i) From the sale and from the storage, use, or other consumption in this state of computer
22 software, tangible personal property, electricity, natural gas, artificial gas, steam, refrigeration, and
23 water, when the property or service is purchased for the purpose of being manufactured into a
24 finished product for resale and becomes an ingredient, component, or integral part of the
25 manufactured, compounded, processed, assembled, or prepared product, or if the property or
26 service is consumed in the process of manufacturing for resale computer software, tangible personal
27 property, electricity, natural gas, artificial gas, steam, refrigeration, or water.

28 (ii) "Consumed" means destroyed, used up, or worn out to the degree or extent that the
29 property cannot be repaired, reconditioned, or rendered fit for further manufacturing use.

30 (iii) "Consumed" includes mere obsolescence.

31 (iv) "Manufacturing" means and includes manufacturing, compounding, processing,
32 assembling, preparing, or producing.

33 (v) "Process of manufacturing" means and includes all production operations performed in
34 the producing or processing room, shop, or plant, insofar as the operations are a part of and

1 connected with the manufacturing for resale of tangible personal property, electricity, natural gas,
2 artificial gas, steam, refrigeration, or water and all production operations performed insofar as the
3 operations are a part of and connected with the manufacturing for resale of computer software.

4 (vi) "Process of manufacturing" does not mean or include administration operations such
5 as general office operations, accounting, collection or sales promotion, nor does it mean or include
6 distribution operations that occur subsequent to production operations, such as handling, storing,
7 selling, and transporting the manufactured products, even though the administration and
8 distribution operations are performed by, or in connection with, a manufacturing business.

9 (8) State and political subdivisions. From the sale to, and from the storage, use, or other
10 consumption by, this state, any city, town, district, or other political subdivision of this state. Every
11 redevelopment agency created pursuant to chapter 31 of title 45 is deemed to be a subdivision of
12 the municipality where it is located.

13 (9) Food and food ingredients. From the sale and storage, use, or other consumption in this
14 state of food and food ingredients as defined in § 44-18-7.1(l).

15 For the purposes of this exemption "food and food ingredients" shall not include candy,
16 soft drinks, dietary supplements, alcoholic beverages, tobacco, food sold through vending
17 machines, or prepared food, as those terms are defined in § 44-18-7.1, unless the prepared food is:

18 (i) Sold by a seller whose primary NAICS classification is manufacturing in sector 311,
19 except sub-sector 3118 (bakeries);

20 (ii) Sold in an unheated state by weight or volume as a single item;

21 (iii) Bakery items, including bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts,
22 danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas; and

23 is not sold with utensils provided by the seller, including plates, knives, forks, spoons,
24 glasses, cups, napkins, or straws.

25 (10) Medicines, drugs, and durable medical equipment. From the sale and from the storage,
26 use, or other consumption in this state, of;

27 (i) "Drugs" as defined in § 44-18-7.1(h)(i), sold on prescriptions, medical oxygen, and
28 insulin whether or not sold on prescription. For purposes of this exemption drugs shall not include
29 over-the-counter drugs and grooming and hygiene products as defined in § 44-18-7.1(h)(iii).

30 (ii) Durable medical equipment as defined in § 44-18-7.1(k) for home use only, including,
31 but not limited to, syringe infusers, ambulatory drug delivery pumps, hospital beds, convalescent
32 chairs, and chair lifts. Supplies used in connection with syringe infusers and ambulatory drug
33 delivery pumps that are sold on prescription to individuals to be used by them to dispense or
34 administer prescription drugs, and related ancillary dressings and supplies used to dispense or

1 administer prescription drugs, shall also be exempt from tax.

2 (11) Prosthetic devices and mobility enhancing equipment. From the sale and from the
3 storage, use, or other consumption in this state, of prosthetic devices as defined in § 44-18-7.1(t),
4 sold on prescription, including, but not limited to: artificial limbs, dentures, spectacles, eyeglasses,
5 and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on prescription;
6 and mobility enhancing equipment as defined in § 44-18-7.1(p), including wheelchairs, crutches
7 and canes.

8 (12) Coffins, caskets, and burial garments. From the sale and from the storage, use, or other
9 consumption in this state of coffins or caskets, and shrouds or other burial garments that are
10 ordinarily sold by a funeral director as part of the business of funeral directing.

11 (13) Motor vehicles sold to nonresidents.

12 (i) From the sale, subsequent to June 30, 1958, of a motor vehicle to a bona fide nonresident
13 of this state who does not register the motor vehicle in this state, whether the sale or delivery of the
14 motor vehicle is made in this state or at the place of residence of the nonresident. A motor vehicle
15 sold to a bona fide nonresident whose state of residence does not allow a like exemption to its
16 nonresidents is not exempt from the tax imposed under § 44-18-20. In that event, the bona fide
17 nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate that would be imposed
18 in his or her state of residence not to exceed the rate that would have been imposed under § 44-18-
19 20. Notwithstanding any other provisions of law, a licensed motor vehicle dealer shall add and
20 collect the tax required under this subdivision and remit the tax to the tax administrator under the
21 provisions of chapters 18 and 19 of this title. When a Rhode Island licensed, motor vehicle dealer
22 is required to add and collect the sales and use tax on the sale of a motor vehicle to a bona fide
23 nonresident as provided in this section, the dealer in computing the tax takes into consideration the
24 law of the state of the nonresident as it relates to the trade-in of motor vehicles.

25 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may
26 require any licensed motor vehicle dealer to keep records of sales to bona fide nonresidents as the
27 tax administrator deems reasonably necessary to substantiate the exemption provided in this
28 subdivision, including the affidavit of a licensed motor vehicle dealer that the purchaser of the
29 motor vehicle was the holder of, and had in his or her possession a valid out of state motor vehicle
30 registration or a valid out of state driver's license.

31 (iii) Any nonresident who registers a motor vehicle in this state within ninety (90) days of
32 the date of its sale to him or her is deemed to have purchased the motor vehicle for use, storage, or
33 other consumption in this state, and is subject to, and liable for, the use tax imposed under the
34 provisions of § 44-18-20.

1 (14) Sales in public buildings by blind people. From the sale and from the storage, use, or
2 other consumption in all public buildings in this state of all products or wares by any person
3 licensed under § 40-9-11.1.

4 (15) Air and water pollution control facilities. From the sale, storage, use, or other
5 consumption in this state of tangible personal property or supplies acquired for incorporation into
6 or used and consumed in the operation of a facility, the primary purpose of which is to aid in the
7 control of the pollution or contamination of the waters or air of the state, as defined in chapter 12
8 of title 46 and chapter 25 of title 23, respectively, and that has been certified as approved for that
9 purpose by the director of environmental management. The director of environmental management
10 may certify to a portion of the tangible personal property or supplies acquired for incorporation
11 into those facilities or used and consumed in the operation of those facilities to the extent that that
12 portion has as its primary purpose the control of the pollution or contamination of the waters or air
13 of this state. As used in this subdivision, "facility" means any land, facility, device, building,
14 machinery, or equipment.

15 (16) Camps. From the rental charged for living quarters, or sleeping, or housekeeping
16 accommodations at camps or retreat houses operated by religious, charitable, educational, or other
17 organizations and associations mentioned in subdivision (5), or by privately owned and operated
18 summer camps for children.

19 (17) Certain institutions. From the rental charged for living or sleeping quarters in an
20 institution licensed by the state for the hospitalization, custodial, or nursing care of human beings.

21 (18) Educational institutions. From the rental charged by any educational institution for
22 living quarters, or sleeping, or housekeeping accommodations or other rooms or accommodations
23 to any student or teacher necessitated by attendance at an educational institution. "Educational
24 institution" as used in this section means an institution of learning not operated for profit that is
25 empowered to confer diplomas, educational, literary, or academic degrees; that has a regular
26 faculty, curriculum, and organized body of pupils or students in attendance throughout the usual
27 school year; that keeps and furnishes to students and others records required and accepted for
28 entrance to schools of secondary, collegiate, or graduate rank; and no part of the net earnings of
29 which inures to the benefit of any individual.

30 (19) Motor vehicle and adaptive equipment for persons with disabilities.

31 (i) From the sale of: (A) Special adaptations; (B) The component parts of the special
32 adaptations; or (C) A specially adapted motor vehicle; provided that the owner furnishes to the tax
33 administrator an affidavit of a licensed physician to the effect that the specially adapted motor
34 vehicle is necessary to transport a family member with a disability or where the vehicle has been

1 specially adapted to meet the specific needs of the person with a disability. This exemption applies
2 to not more than one motor vehicle owned and registered for personal, noncommercial use.

3 (ii) For the purpose of this subsection the term "special adaptations" includes, but is not
4 limited to: wheelchair lifts, wheelchair carriers, wheelchair ramps, wheelchair securements, hand
5 controls, steering devices, extensions, relocations, and crossovers of operator controls, power-
6 assisted controls, raised tops or dropped floors, raised entry doors, or alternative signaling devices
7 to auditory signals.

8 (iii) From the sale of: (a) special adaptations, (b) the component parts of the special
9 adaptations, for a "wheelchair accessible taxicab" as defined in § 39-14-1, and/or a "wheelchair
10 accessible public motor vehicle" as defined in § 39-14.1-1.

11 (iv) For the purpose of this subdivision the exemption for a "specially adapted motor
12 vehicle" means a use tax credit not to exceed the amount of use tax that would otherwise be due on
13 the motor vehicle, exclusive of any adaptations. The use tax credit is equal to the cost of the special
14 adaptations, including installation.

15 (20) Heating fuels. From the sale and from the storage, use, or other consumption in this
16 state of every type of heating fuel.

17 (21) Electricity and gas. From the sale and from the storage, use, or other consumption in
18 this state of electricity and gas.

19 (22) Manufacturing machinery and equipment.

20 (i) From the sale and from the storage, use, or other consumption in this state of tools, dies,
21 molds, machinery, equipment (including replacement parts), and related items to the extent used in
22 an industrial plant in connection with the actual manufacture, conversion, or processing of tangible
23 personal property, or to the extent used in connection with the actual manufacture, conversion, or
24 processing of computer software as that term is utilized in industry numbers 7371, 7372, and 7373
25 in the standard industrial classification manual prepared by the Technical Committee on Industrial
26 Classification, Office of Statistical Standards, Executive Office of the President, United States
27 Bureau of the Budget, as revised from time to time, to be sold, or that machinery and equipment
28 used in the furnishing of power to an industrial manufacturing plant. For the purposes of this
29 subdivision, "industrial plant" means a factory at a fixed location primarily engaged in the
30 manufacture, conversion, or processing of tangible personal property to be sold in the regular
31 course of business;

32 (ii) Machinery and equipment and related items are not deemed to be used in connection
33 with the actual manufacture, conversion, or processing of tangible personal property, or in
34 connection with the actual manufacture, conversion, or processing of computer software as that

1 term is utilized in industry numbers 7371, 7372, and 7373 in the standard industrial classification
2 manual prepared by the Technical Committee on Industrial Classification, Office of Statistical
3 Standards, Executive Office of the President, United States Bureau of the Budget, as revised from
4 time to time, to be sold to the extent the property is used in administration or distribution operations;

5 (iii) Machinery and equipment and related items used in connection with the actual
6 manufacture, conversion, or processing of any computer software or any tangible personal property
7 that is not to be sold and that would be exempt under subdivision (7) or this subdivision if purchased
8 from a vendor or machinery and equipment and related items used during any manufacturing,
9 converting, or processing function is exempt under this subdivision even if that operation, function,
10 or purpose is not an integral or essential part of a continuous production flow or manufacturing
11 process;

12 (iv) Where a portion of a group of portable or mobile machinery is used in connection with
13 the actual manufacture, conversion, or processing of computer software or tangible personal
14 property to be sold, as previously defined, that portion, if otherwise qualifying, is exempt under
15 this subdivision even though the machinery in that group is used interchangeably and not otherwise
16 identifiable as to use.

17 (23) Trade-in value of motor vehicles. From the sale and from the storage, use, or other
18 consumption in this state of so much of the purchase price paid for a new or used automobile as is
19 allocated for a trade-in allowance on the automobile of the buyer given in trade to the seller, or of
20 the proceeds applicable only to the automobile as are received from the manufacturer of
21 automobiles for the repurchase of the automobile whether the repurchase was voluntary or not
22 towards the purchase of a new or used automobile by the buyer. For the purpose of this subdivision,
23 the word "automobile" means a private passenger automobile not used for hire and does not refer
24 to any other type of motor vehicle.

25 (24) Precious metal bullion.

26 (i) From the sale and from the storage, use, or other consumption in this state of precious
27 metal bullion, substantially equivalent to a transaction in securities or commodities.

28 (ii) For purposes of this subdivision, "precious metal bullion" means any elementary
29 precious metal that has been put through a process of smelting or refining, including, but not limited
30 to, gold, silver, platinum, rhodium, and chromium, and that is in a state or condition that its value
31 depends upon its content and not upon its form.

32 (iii) The term does not include fabricated precious metal that has been processed or
33 manufactured for some one or more specific and customary industrial, professional, or artistic uses.

34 (25) Commercial vessels. From sales made to a commercial ship, barge, or other vessel of

1 fifty (50) tons burden or over, primarily engaged in interstate or foreign commerce, and from the
2 repair, alteration, or conversion of the vessels, and from the sale of property purchased for the use
3 of the vessels including provisions, supplies, and material for the maintenance and/or repair of the
4 vessels.

5 (26) Commercial fishing vessels. From the sale and from the storage, use, or other
6 consumption in this state of vessels and other water craft that are in excess of five (5) net tons and
7 that are used exclusively for "commercial fishing", as defined in this subdivision, and from the
8 repair, alteration, or conversion of those vessels and other watercraft, and from the sale of property
9 purchased for the use of those vessels and other watercraft including provisions, supplies, and
10 material for the maintenance and/or repair of the vessels and other watercraft and the boats nets,
11 cables, tackle, and other fishing equipment appurtenant to or used in connection with the
12 commercial fishing of the vessels and other watercraft. "Commercial fishing" means taking or
13 attempting to take any fish, shellfish, crustacea, or bait species with the intent of disposing of it for
14 profit or by sale, barter, trade, or in commercial channels. The term does not include subsistence
15 fishing, i.e., the taking for personal use and not for sale or barter; or sport fishing; but shall include
16 vessels and other watercraft with a Rhode Island party and charter boat license issued by the
17 department of environmental management pursuant to § 20-2-27.1 that meet the following criteria:
18 (i) The operator must have a current U.S.C.G. license to carry passengers for hire; (ii) U.S.C.G.
19 vessel documentation in the coast wide fishery trade; (iii) U.S.C.G. vessel documentation as to
20 proof of Rhode Island home port status or a Rhode Island boat registration to prove Rhode Island
21 home port status; and (iv) The vessel must be used as a commercial passenger carrying fishing
22 vessel to carry passengers for fishing. The vessel must be able to demonstrate that at least fifty
23 percent (50%) of its annual gross income derives from charters or provides documentation of a
24 minimum of one hundred (100) charter trips annually; and (v) The vessel must have a valid Rhode
25 Island party and charter boat license. The tax administrator shall implement the provisions of this
26 subdivision by promulgating rules and regulations relating thereto.

27 (27) Clothing and footwear. From the sales of articles of clothing, including footwear,
28 intended to be worn or carried on or about the human body for sales prior to October 1, 2012.
29 Effective October 1, 2012, the exemption will apply to the sales of articles of clothing, including
30 footwear, intended to be worn or carried on or about the human body up to two hundred and fifty
31 dollars (\$250) of the sales price per item. For the purposes of this section, "clothing or footwear"
32 does not include clothing accessories or equipment or special clothing or footwear primarily
33 designed for athletic activity or protective use as these terms are defined in section 44-18-7.1(f). In
34 recognition of the work being performed by the streamlined sales and use tax governing board,

1 upon passage of any federal law that authorizes states to require remote sellers to collect and remit
2 sales and use taxes, this unlimited exemption will apply as it did prior to October 1, 2012. The
3 unlimited exemption on sales of clothing and footwear shall take effect on the date that the state
4 requires remote sellers to collect and remit sales and use taxes.

5 (28) Water for residential use. From the sale and from the storage, use, or other
6 consumption in this state of water furnished for domestic use by occupants of residential premises.

7 (29) Bibles. [Unconstitutional; see *Ahlburn v. Clark*, 728 A.2d 449 (R.I. 1999); see Notes
8 to Decisions.] From the sale and from the storage, use, or other consumption in the state of any
9 canonized scriptures of any tax-exempt nonprofit religious organization including, but not limited
10 to, the Old Testament and the New Testament versions.

11 (30) Boats.

12 (i) From the sale of a boat or vessel to a bona fide nonresident of this state who does not
13 register the boat or vessel in this state or document the boat or vessel with the United States
14 government at a home port within the state, whether the sale or delivery of the boat or vessel is
15 made in this state or elsewhere; provided, that the nonresident transports the boat within thirty (30)
16 days after delivery by the seller outside the state for use thereafter solely outside the state.

17 (ii) The tax administrator, in addition to the provisions of §§ 44-19-17 and 44-19-28, may
18 require the seller of the boat or vessel to keep records of the sales to bona fide nonresidents as the
19 tax administrator deems reasonably necessary to substantiate the exemption provided in this
20 subdivision, including the affidavit of the seller that the buyer represented himself or herself to be
21 a bona fide nonresident of this state and of the buyer that he or she is a nonresident of this state.

22 (31) Youth activities equipment. From the sale, storage, use, or other consumption in this
23 state of items for not more than twenty dollars (\$20.00) each by nonprofit Rhode Island
24 eleemosynary organizations, for the purposes of youth activities that the organization is formed to
25 sponsor and support; and by accredited elementary and secondary schools for the purposes of the
26 schools or of organized activities of the enrolled students.

27 (32) Farm equipment. From the sale and from the storage or use of machinery and
28 equipment used directly for commercial farming and agricultural production; including, but not
29 limited to: tractors, ploughs, harrows, spreaders, seeders, milking machines, silage conveyors,
30 balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment,
31 greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and
32 other farming equipment, including replacement parts appurtenant to or used in connection with
33 commercial farming and tools and supplies used in the repair and maintenance of farming
34 equipment. "Commercial farming" means the keeping or boarding of five (5) or more horses or the

1 production within this state of agricultural products, including, but not limited to, field or orchard
2 crops, livestock, dairy, and poultry, or their products, where the keeping, boarding, or production
3 provides at least two thousand five hundred dollars (\$2,500) in annual gross sales to the operator,
4 whether an individual, a group, a partnership, or a corporation for exemptions issued prior to July
5 1, 2002. For exemptions issued or renewed after July 1, 2002, there shall be two (2) levels. Level I
6 shall be based on proof of annual, gross sales from commercial farming of at least twenty-five
7 hundred dollars (\$2,500) and shall be valid for purchases subject to the exemption provided in this
8 subdivision except for motor vehicles with an excise tax value of five thousand dollars (\$5,000) or
9 greater. Level II shall be based on proof of annual gross sales from commercial farming of at least
10 ten thousand dollars (\$10,000) or greater and shall be valid for purchases subject to the exemption
11 provided in this subdivision including motor vehicles with an excise tax value of five thousand
12 dollars (\$5,000) or greater. For the initial issuance of the exemptions, proof of the requisite amount
13 of annual gross sales from commercial farming shall be required for the prior year; for any renewal
14 of an exemption granted in accordance with this subdivision at either level I or level II, proof of
15 gross annual sales from commercial farming at the requisite amount shall be required for each of
16 the prior two (2) years. Certificates of exemption issued or renewed after July 1, 2002, shall clearly
17 indicate the level of the exemption and be valid for four (4) years after the date of issue. This
18 exemption applies even if the same equipment is used for ancillary uses, or is temporarily used for
19 a non-farming or a non-agricultural purpose, but shall not apply to motor vehicles acquired after
20 July 1, 2002, unless the vehicle is a farm vehicle as defined pursuant to § 31-1-8 and is eligible for
21 registration displaying farm plates as provided for in § 31-3-31.

22 (33) Compressed air. From the sale and from the storage, use, or other consumption in the
23 state of compressed air.

24 (34) Flags. From the sale and from the storage, consumption, or other use in this state of
25 United States, Rhode Island or POW-MIA flags.

26 (35) Motor vehicle and adaptive equipment to certain veterans. From the sale of a motor
27 vehicle and adaptive equipment to and for the use of a veteran with a service-connected loss of or
28 the loss of use of a leg, foot, hand, or arm, or any veteran who is a double amputee, whether service
29 connected or not. The motor vehicle must be purchased by and especially equipped for use by the
30 qualifying veteran. Certificate of exemption or refunds of taxes paid is granted under rules or
31 regulations that the tax administrator may prescribe.

32 (36) Textbooks. From the sale and from the storage, use, or other consumption in this state
33 of textbooks by an "educational institution", as defined in subdivision (18) of this section, and any
34 educational institution within the purview of § 16-63-9(4), and used textbooks by any purveyor.

1 (37) Tangible personal property and supplies used in on-site hazardous waste recycling,
2 reuse, or treatment. From the sale, storage, use, or other consumption in this state of tangible
3 personal property or supplies used or consumed in the operation of equipment, the exclusive
4 function of which is the recycling, reuse, or recovery of materials (other than precious metals, as
5 defined in subdivision (24)(ii) of this section) from the treatment of "hazardous wastes", as defined
6 in § 23-19.1-4, where the "hazardous wastes" are generated in Rhode Island solely by the same
7 taxpayer and where the personal property is located at, in, or adjacent to a generating facility of the
8 taxpayer in Rhode Island. The taxpayer shall procure an order from the director of the department
9 of environmental management certifying that the equipment and/or supplies as used or consumed,
10 qualify for the exemption under this subdivision. If any information relating to secret processes or
11 methods of manufacture, production, or treatment is disclosed to the department of environmental
12 management only to procure an order, and is a "trade secret" as defined in § 28-21-10(b), it is not
13 open to public inspection or publicly disclosed unless disclosure is required under chapter 21 of
14 title 28 or chapter 24.4 of title 23.

15 (38) Promotional and product literature of boat manufacturers. From the sale and from the
16 storage, use, or other consumption of promotional and product literature of boat manufacturers
17 shipped to points outside of Rhode Island that either: (i) Accompany the product that is sold; (ii)
18 Are shipped in bulk to out-of-state dealers for use in the sale of the product; or (iii) Are mailed to
19 customers at no charge.

20 (39) Food items paid for by food stamps. From the sale and from the storage, use, or other
21 consumption in this state of eligible food items payment for which is properly made to the retailer
22 in the form of U.S. government food stamps issued in accordance with the Food Stamp Act of 1977,
23 7 U.S.C. § 2011 et seq.

24 (40) Transportation charges. From the sale or hiring of motor carriers as defined in § 39-
25 12-2(1) to haul goods, when the contract or hiring cost is charged by a motor freight tariff filed with
26 the Rhode Island public utilities commission on the number of miles driven or by the number of
27 hours spent on the job.

28 (41) Trade-in value of boats. From the sale and from the storage, use, or other consumption
29 in this state of so much of the purchase price paid for a new or used boat as is allocated for a trade-
30 in allowance on the boat of the buyer given in trade to the seller or of the proceeds applicable only
31 to the boat as are received from an insurance claim as a result of a stolen or damaged boat, towards
32 the purchase of a new or used boat by the buyer.

33 (42) Equipment used for research and development. From the sale and from the storage,
34 use, or other consumption of equipment to the extent used for research and development purposes

1 by a qualifying firm. For the purposes of this subdivision, "qualifying firm" means a business for
2 which the use of research and development equipment is an integral part of its operation and
3 "equipment" means scientific equipment, computers, software, and related items.

4 (43) Coins. From the sale and from the other consumption in this state of coins having
5 numismatic or investment value.

6 (44) Farm structure construction materials. Lumber, hardware, and other materials used in
7 the new construction of farm structures, including production facilities such as, but not limited to,
8 farrowing sheds, free stall and stanchion barns, milking parlors, silos, poultry barns, laying houses,
9 fruit and vegetable storages, rooting cellars, propagation rooms, greenhouses, packing rooms,
10 machinery storage, seasonal farm worker housing, certified farm markets, bunker and trench silos,
11 feed storage sheds, and any other structures used in connection with commercial farming.

12 (45) Telecommunications carrier access service. Carrier access service or
13 telecommunications service when purchased by a telecommunications company from another
14 telecommunications company to facilitate the provision of telecommunications service.

15 (46) Boats or vessels brought into the state exclusively for winter storage, maintenance,
16 repair or sale. Notwithstanding the provisions of §§ 44-18-10, 44-18-11 and 44-18-20, the tax
17 imposed by § 44-18-20 is not applicable for the period commencing on the first day of October in
18 any year up to and including the 30th day of April next succeeding with respect to the use of any
19 boat or vessel within this state exclusively for purposes of: (i) Delivery of the vessel to a facility in
20 this state for storage, including dry storage and storage in water by means of apparatus preventing
21 ice damage to the hull, maintenance, or repair; (ii) The actual process of storage, maintenance, or
22 repair of the boat or vessel; or (iii) Storage for the purpose of selling the boat or vessel.

23 (47) Jewelry display product. From the sale and from the storage, use, or other consumption
24 in this state of tangible personal property used to display any jewelry product; provided that title to
25 the jewelry display product is transferred by the jewelry manufacturer or seller and that the jewelry
26 display product is shipped out of state for use solely outside the state and is not returned to the
27 jewelry manufacturer or seller.

28 (48) Boats or vessels generally. Notwithstanding the provisions of this chapter, the tax
29 imposed by §§ 44-18-20 and 44-18-18 shall not apply with respect to the sale and to the storage,
30 use, or other consumption in this state of any new or used boat. The exemption provided for in this
31 subdivision does not apply after October 1, 1993, unless prior to October 1, 1993, the federal ten
32 percent (10%) surcharge on luxury boats is repealed.

33 (49) Banks and regulated investment companies interstate toll-free calls. Notwithstanding
34 the provisions of this chapter, the tax imposed by this chapter does not apply to the furnishing of

1 interstate and international, toll-free terminating telecommunication service that is used directly
2 and exclusively by or for the benefit of an eligible company as defined in this subdivision; provided
3 that an eligible company employs on average during the calendar year no less than five hundred
4 (500) "full-time equivalent employees" as that term is defined in § 42-64.5-2. For purposes of this
5 section, an "eligible company" means a "regulated investment company" as that term is defined in
6 the Internal Revenue Code of 1986, 26 U.S.C. § 1 et seq., or a corporation to the extent the service
7 is provided, directly or indirectly, to or on behalf of a regulated investment company, an employee
8 benefit plan, a retirement plan or a pension plan or a state-chartered bank.

9 (50) Mobile and manufactured homes generally. From the sale and from the storage, use,
10 or other consumption in this state of mobile and/or manufactured homes as defined and subject to
11 taxation pursuant to the provisions of chapter 44 of title 31.

12 (51) Manufacturing business reconstruction materials.

13 (i) From the sale and from the storage, use, or other consumption in this state of lumber,
14 hardware, and other building materials used in the reconstruction of a manufacturing business
15 facility that suffers a disaster, as defined in this subdivision, in this state. "Disaster" means any
16 occurrence, natural or otherwise, that results in the destruction of sixty percent (60%) or more of
17 an operating manufacturing business facility within this state. "Disaster" does not include any
18 damage resulting from the willful act of the owner of the manufacturing business facility.

19 (ii) Manufacturing business facility includes, but is not limited to, the structures housing
20 the production and administrative facilities.

21 (iii) In the event a manufacturer has more than one manufacturing site in this state, the sixty
22 percent (60%) provision applies to the damages suffered at that one site.

23 (iv) To the extent that the costs of the reconstruction materials are reimbursed by insurance,
24 this exemption does not apply.

25 (52) Tangible personal property and supplies used in the processing or preparation of floral
26 products and floral arrangements. From the sale, storage, use, or other consumption in this state of
27 tangible personal property or supplies purchased by florists, garden centers, or other like producers
28 or vendors of flowers, plants, floral products, and natural and artificial floral arrangements that are
29 ultimately sold with flowers, plants, floral products, and natural and artificial floral arrangements
30 or are otherwise used in the decoration, fabrication, creation, processing, or preparation of flowers,
31 plants, floral products, or natural and artificial floral arrangements, including descriptive labels,
32 stickers, and cards affixed to the flower, plant, floral product, or arrangement, artificial flowers,
33 spray materials, floral paint and tint, plant shine, flower food, insecticide and fertilizers.

34 (53) Horse food products. From the sale and from the storage, use, or other consumption

1 in this state of horse food products purchased by a person engaged in the business of the boarding
2 of horses.

3 (54) Non-motorized recreational vehicles sold to nonresidents.

4 (i) From the sale, subsequent to June 30, 2003, of a non-motorized recreational vehicle to
5 a bona fide nonresident of this state who does not register the non-motorized recreational vehicle
6 in this state, whether the sale or delivery of the non-motorized recreational vehicle is made in this
7 state or at the place of residence of the nonresident; provided that a non-motorized recreational
8 vehicle sold to a bona fide nonresident whose state of residence does not allow a like exemption to
9 its nonresidents is not exempt from the tax imposed under § 44-18-20; provided, further, that in
10 that event the bona fide nonresident pays a tax to Rhode Island on the sale at a rate equal to the rate
11 that would be imposed in his or her state of residence not to exceed the rate that would have been
12 imposed under § 44-18-20. Notwithstanding any other provisions of law, a licensed, non-motorized
13 recreational vehicle dealer shall add and collect the tax required under this subdivision and remit
14 the tax to the tax administrator under the provisions of chapters 18 and 19 of this title. Provided,
15 that when a Rhode Island licensed, non-motorized recreational vehicle dealer is required to add and
16 collect the sales and use tax on the sale of a non-motorized recreational vehicle to a bona fide
17 nonresident as provided in this section, the dealer in computing the tax takes into consideration the
18 law of the state of the nonresident as it relates to the trade-in of motor vehicles.

19 (ii) The tax administrator, in addition to the provisions of §§ 44-19-27 and 44-19-28, may
20 require any licensed, non-motorized recreational vehicle dealer to keep records of sales to bona fide
21 nonresidents as the tax administrator deems reasonably necessary to substantiate the exemption
22 provided in this subdivision, including the affidavit of a licensed, non-motorized recreational
23 vehicle dealer that the purchaser of the non-motorized recreational vehicle was the holder of, and
24 had in his or her possession a valid out-of-state non-motorized recreational vehicle registration or
25 a valid out-of-state driver's license.

26 (iii) Any nonresident who registers a non-motorized recreational vehicle in this state within
27 ninety (90) days of the date of its sale to him or her is deemed to have purchased the non-motorized
28 recreational vehicle for use, storage, or other consumption in this state, and is subject to, and liable
29 for, the use tax imposed under the provisions of § 44-18-20.

30 (iv) "Non-motorized recreational vehicle" means any portable dwelling designed and
31 constructed to be used as a temporary dwelling for travel, camping, recreational, and vacation use
32 that is eligible to be registered for highway use, including, but not limited to, "pick-up coaches" or
33 "pick-up campers," "travel trailers," and "tent trailers" as those terms are defined in chapter 1 of
34 title 31.

1 (55) Sprinkler and fire alarm systems in existing buildings. From the sale in this state of
2 sprinkler and fire alarm systems; emergency lighting and alarm systems; and the materials
3 necessary and attendant to the installation of those systems that are required in buildings and
4 occupancies existing therein in July 2003 in order to comply with any additional requirements for
5 such buildings arising directly from the enactment of the Comprehensive Fire Safety Act of 2003
6 and that are not required by any other provision of law or ordinance or regulation adopted pursuant
7 to that Act. The exemption provided in this subdivision shall expire on December 31, 2008.

8 (56) Aircraft. Notwithstanding the provisions of this chapter, the tax imposed by §§ 44-18-
9 18 and 44-18-20 shall not apply with respect to the sale and to the storage, use, or other consumption
10 in this state of any new or used aircraft or aircraft parts.

11 (57) Renewable energy products. Notwithstanding any other provisions of Rhode Island
12 general laws, the following products shall also be exempt from sales tax: solar photovoltaic
13 modules or panels, or any module or panel that generates electricity from light; solar thermal
14 collectors, including, but not limited to, those manufactured with flat glass plates, extruded plastic,
15 sheet metal, and/or evacuated tubes; geothermal heat pumps, including both water-to-water and
16 water-to-air type pumps; wind turbines; towers used to mount wind turbines if specified by or sold
17 by a wind turbine manufacturer; DC to AC inverters that interconnect with utility power lines; and
18 manufactured mounting racks and ballast pans for solar collector, module, or panel installation. Not
19 to include materials that could be fabricated into such racks; monitoring and control equipment, if
20 specified or supplied by a manufacturer of solar thermal, solar photovoltaic, geothermal, or wind
21 energy systems or if required by law or regulation for such systems but not to include pumps, fans
22 or plumbing or electrical fixtures unless shipped from the manufacturer affixed to, or an integral
23 part of, another item specified on this list; and solar storage tanks that are part of a solar domestic
24 hot water system or a solar space heating system. If the tank comes with an external heat exchanger
25 it shall also be tax exempt, but a standard hot water tank is 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 the
28 property is refunded in either cash or credit, and where the property is returned within one hundred
29 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 (60) Blood. From the sale and from the storage, use, or other consumption of human blood.

33 (61) Agricultural products for human consumption. From the sale and from the storage,
34 use, or other consumption of livestock and poultry of the kinds of products that ordinarily constitute

1 food for human consumption and of livestock of the kind the products of which ordinarily
2 constitutes fibers for human use.

3 (62) Diesel emission control technology. From the sale and use of diesel retrofit technology
4 that is required by § 31-47.3-4.

5 (63) Feed for certain animals used in commercial farming. From the sale of feed for animals
6 as described in § 44-18-30(61).

7 (64) Alcoholic beverages. From the sale and storage, use, or other consumption in this state
8 by a Class A licensee of alcoholic beverages, as defined in § 44-18-7.1, excluding beer and malt
9 beverages; provided, further, notwithstanding § 6-13-1 or any other general or public law to the
10 contrary, alcoholic beverages, as defined in § 44-18-7.1, shall not be subject to minimum markup.

11 (65) Seeds and plants used to grow food and food ingredients. From the sale, storage, use
12 or other consumption in this state of seeds and plants used to grow food and food ingredients as
13 defined in §44-18-7.1(1)(i). "Seeds and plants used to grow food and food ingredients" shall not
14 include marijuana seeds or plants.

15 **44-18-30.1. Application for certificate of exemption – Fees.**

16 A fee of twenty-five dollars (\$25.00) shall be paid by all organizations applying for a
17 certificate of exemption from the Rhode Island sales and use tax under § ~~44-18-30(5)~~ 44-18-
18 30(5)(i). The certificate of exemption shall be valid for four (4) years from the date of issue. All
19 fees collected under this section shall be allocated to the tax administrator for enforcement and
20 collection of all taxes. All certificates issued prior to the effective date of this section shall expire
21 four (4) years from the effective date of this section.

22 SECTION 11. Sections 44-19-22, 44-19-31, and 44-19-42 of the General Laws in Chapter
23 44-19 entitled "Sales and Use Taxes – Enforcement and Collection" are hereby amended to read as
24 follows:

25 **44-19-22. Notice of transfer of business – Taxes due immediately.**

26 The sale or transfer by any taxpayer other than receivers, assignees under a voluntary
27 assignment for the benefit of creditors, trustees in bankruptcy, debtors in possession in bankruptcy,
28 or public officers acting under judicial process of the major part in value of the assets of the taxpayer
29 other than in the ordinary course of trade and the regular and usual prosecution of the taxpayer's
30 business, is fraudulent and void as against the state, unless the taxpayer, at least five (5) days before
31 the sale or transfer, notifies the tax administrator of the proposed sale or transfer and of the price,
32 terms, and conditions of the sale or transfer and of the character and location of those assets by
33 requesting a letter of good standing from the tax division. Whenever the taxpayer makes a sale or
34 transfer, any and all tax returns required to be filed under this title must be filed and any and all

1 taxes imposed under ~~by chapter 18 of~~ this title must be paid at the time ~~when~~ the tax administrator
2 is so notified of the sale or transfer, or, if the administrator is not so notified, at the time when he
3 or she ~~the administrator~~ should have been notified of the sale or transfer.

4 **44-19-31. Penalty for violations generally.**

5 Any retailer or other person failing to file a return or report required by this chapter, or
6 filing or causing to be filed, or making or causing to be made, or giving or causing to be given any
7 return, report, certificate, affidavit, representation, information, testimony, or statement required or
8 authorized by this chapter, which is willfully false, or willfully failing to file a bond required by
9 this chapter or willfully failing to comply with the provisions of this chapter, or failing to file a
10 registration certificate and that data in connection with it as the tax administrator by regulation or
11 may require, or to display or surrender a permit as required by this chapter, or assigning or
12 transferring the permit, or failing to file a notice of a show or failing to display a permit to operate
13 a show or operating a show without obtaining a permit, or permitting a person to display or sell
14 tangible personal property, services, or food and drink at a show without displaying a permit, or
15 willfully failing to charge separately the tax imposed by this chapter or to state the tax separately
16 on any bill, statement, memorandum, or receipt issued or employed by the person upon which the
17 tax is required to be stated separately as provided in § 44-19-8, or willfully failing to collect the tax
18 from a customer, or willfully failing to remit any tax to the state which was collected from a
19 customer, or who refers or causes reference to be made to this tax in a form or manner other than
20 that required by this chapter, or failing to keep any records required by this chapter, is, in addition
21 to any other penalties in this chapter or elsewhere prescribed, guilty of a felony, punishment for
22 which is a fine of not more than ~~ten thousand dollars (\$10,000)~~ twenty-five thousand dollars
23 (\$25,000), or imprisonment for ~~one~~ five (5) years, or both.

24 **44-19-42. Suppression of Sales ~~Sales suppression devices~~ – Definitions and**
25 **applicability.**

26 (a) As used in this section:

27 (1) "Automated sales suppression device," also known as a "zapper," means a software
28 program, carried on a memory stick or removable compact disc, accessed through an Internet link,
29 or accessed through any other means, that falsifies transaction data, transaction reports, or any other
30 electronic records of electronic cash registers and other point-of-sale systems.

31 (2) "Electronic cash register" means a device that keeps a register, accounting, or
32 supporting documents through the means of an electronic device or computer system designed to
33 record transaction data for the purpose of computing, compiling, or processing retail sales
34 transaction data in any manner.

1 (3) "Phantom-ware" means a hidden programming option, whether preinstalled or installed
2 at a later time, embedded in the operating system of an electronic cash register or hardwired into
3 the electronic cash register that:

4 (i) Can be used to create a virtual second till; or

5 (ii) May eliminate or manipulate transaction records in any manner.

6 (4) "Remote data manipulation means and includes, but is not limited to, sending,
7 transmitting, transporting, or receiving through any electronic means any and all transaction data
8 to a remote location, whether or not that location is within Rhode Island or outside the state or the
9 United States, for the purpose of manipulating and/or altering said data in any way, whether or not
10 the actual manipulation is performed manually or through automated means.

11 ~~(4)~~(5) "Transaction data" includes items purchased by a customer, the price for each item.
12 A taxability determination for each item, a segregated tax amount for each of the taxed items, the
13 amount of cash, debit, or credit tendered, the net amount returned to the customer in change, the
14 date and time of the purchase, the name, address, and identification number of the vendor, and the
15 receipt or invoice number of the transaction.

16 ~~(5)~~(6) "Transaction reports" means a report documenting, but not limited to, the sales, the
17 taxes collected, media totals, and discount voids at an electronic cash register that is printed on cash
18 register tape at the end of a day or shift, or a report documenting every action at an electronic cash
19 register that is stored electronically.

20 (b) A person shall not knowingly sell, purchase, install, transfer or possess an automated
21 sales suppression device or phantom-ware.

22 (c) A person shall not knowingly suppress sales by engaging in remote data manipulation,
23 either as the sender or the receiver of the information.

24 ~~(c)~~(d) Any person who violates subdivision (b) and/or (c) of this section shall be guilty of
25 a felony and, upon conviction, shall be subject to a fine not exceeding fifty-thousand dollars
26 (\$50,000) or imprisonment not exceeding five (5) years, or both.

27 ~~(d)~~(e) In addition, a person who violates subdivision (b) and/or (c) of this section shall be
28 liable to the state for:

29 (1) All taxes, interest, and penalties due as the result of the person's use of an automated
30 sales suppression device or phantom-ware and/or remote data manipulation; and

31 (2) All profits associated with the person's sale of an automated sales suppression device
32 or phantom-ware and/or remote data manipulation.

33 ~~(e)~~(f) An automated sales suppression device or phantom-ware and any device containing
34 such device or software shall be deemed contraband and shall be subject to seizure by the tax

1 administrator or by a law enforcement officer when directed to do so by the tax administrator.

2 ~~(f)~~(g) Safe harbor. A person shall not be subject to prosecution under Rhode Island general
3 laws § 44-19-42, if by October 1, 2014, the person:

4 (1) Notifies the division of taxation of the person's possession of an automated sales
5 suppression device;

6 (2) Provides any and all information requested by the division of taxation, including
7 transaction records, software specifications, encryption keys, passwords, and other data; and

8 (3) Corrects any underreported sales tax records and fully pays the division of taxation any
9 amounts previously owed.

10 ~~(e)~~(h) This section shall not be construed to limit the person's civil or criminal liability
11 under any other provision of the law.

12 SECTION 12. Sections 44-20-12 and 44-20-13of the General Laws in Chapter 44-20
13 entitled "Cigarette Tax" are hereby amended to read as follows

14 **44-20-12. Tax imposed on cigarettes sold.**

15 A tax is imposed on all cigarettes sold or held for sale in the state. The payment of the tax
16 to be evidenced by stamps, which may be affixed only by licensed distributors to the packages
17 containing such cigarettes. Any cigarettes on which the proper amount of tax provided for in this
18 chapter has been paid, payment being evidenced by the stamp, is not subject to a further tax under
19 this chapter. The tax is at the rate of ~~one hundred eighty seven and one half (187.5)~~ two hundred
20 twelve and one-half (212.5) mills for each cigarette.

21 **44-20-13. Tax imposed on unstamped cigarettes.**

22 A tax is imposed at the rate of ~~one hundred eighty seven and one half (187.5)~~ two hundred
23 twelve and one-half (212.5) mills for each cigarette upon the storage or use within this state of any
24 cigarettes not stamped in accordance with the provisions of this chapter in the possession of any
25 consumer within this state.

26 SECTION 13. Chapter 44-20 of the General Laws entitled "Cigarette Tax" is hereby
27 amended by adding thereto the following section:

28 **44-20-12.6. Floor stock tax on cigarettes and stamps.**

29 (a) Each person engaging in the business of selling cigarettes at retail in this state shall pay
30 a tax or excise to the state for the privilege of engaging in that business during any part of the
31 calendar year 2017. In calendar year 2017, the tax shall be measured by the number of cigarettes
32 held by the person in this state at 12:01 a.m. on August 1, 2017 and is computed at the rate of
33 twenty-five (25.0) mills for each cigarette on August 1, 2017.

34 (b) Each distributor licensed to do business in this state pursuant to this chapter shall pay a

1 tax or excise to the state for the privilege of engaging in that business during any part of the calendar
2 year 2017. The tax is measured by the number of stamps, whether affixed or to be affixed to
3 packages of cigarettes, as required by § 44-20-28. In calendar year 2017 the tax is measured by the
4 number of stamps), whether affixed or to be affixed, held by the distributor at 12:01 a.m. on August
5 1, 2017, and is computed at the rate of twenty-five (25.0) mills per cigarette in the package to which
6 the stamps are affixed or to be affixed.

7 (c) Each person subject to the payment of the tax imposed by this section shall, on or before
8 August 15, 2017, file a return, under oath or certified under the penalties of perjury, with the tax
9 administrator on forms furnished by him or her, showing the amount of cigarettes and the number
10 of stamps in that person's possession in this state at 12:01 a.m. on August 1, 2017, as described in
11 this section above, and the amount of tax due, and shall at the time of filing the return pay the tax
12 to the tax administrator. Failure to obtain forms shall not be an excuse for the failure to make a
13 return containing the information required by the tax administrator.

14 (d) The tax administrator may prescribe rules and regulations, not inconsistent with law,
15 with regard to the assessment and collection of the tax imposed by this section.

16 SECTION 14. The title of Chapter 44-20 of the General Laws entitled "Cigarette Tax" is
17 hereby amended to read as follows:

18 ~~CHAPTER 44-20~~

19 ~~Cigarette Tax~~

20 CHAPTER 44-20

21 CIGARETTE AND OTHER TOBACCO PRODUCTS TAX

22 SECTION 15. Sections 44-20-1, 44-20-3, 44-20-4.1, 44-20-8, ~~44-20-8.2~~, 44-20-13.2, 44-
23 20-15, 44-20-33, 44-20-35, 44-20-40.1, 44-20-43, 44-20-45, and 44-20-51.1 of the General Laws
24 in Chapter 44-20 entitled "Cigarette Tax" are hereby amended to read as follows:

25 **44-20-1. Definitions.**

26 Whenever used in this chapter, unless the context requires otherwise:

27 (1) "Administrator" means the tax administrator;

28 (2) "Cigarettes" means and includes any cigarettes suitable for smoking in cigarette form,
29 and each sheet of cigarette rolling paper, including but not limited to, paper made into a hollow
30 cylinder or cone, made with paper or any other material, with or without a filter suitable for use in
31 making cigarettes;

32 (3) "Dealer" means any person whether located within or outside of this state, who sells or
33 distributes cigarettes and/or other tobacco products to a consumer in this state;

34 (4) "Distributor" means any person:

1 (A) Whether located within or outside of this state, other than a dealer, who sells or
2 distributes cigarettes [and/or other tobacco products](#) within or into this state. Such term shall not
3 include any cigarette [or other tobacco product](#) manufacturer, export warehouse proprietor, or
4 importer with a valid permit under 26 U.S.C. § 5712, if such person sells or distributes cigarettes
5 [and/or other tobacco products](#) in this state only to licensed distributors, or to an export warehouse
6 proprietor or another manufacturer with a valid permit under 26 U.S.C. § 5712;

7 (B) Selling cigarettes [and/or other tobacco products](#) directly to consumers in this state by
8 means of at least twenty-five (25) ~~cigarette~~ vending machines;

9 (C) Engaged in this state in the business of manufacturing cigarettes [and/or other tobacco](#)
10 [products](#) or any person engaged in the business of selling cigarettes [and/or other tobacco products](#)
11 to dealers, or to other persons, for the purpose of resale only; provided, that seventy-five percent
12 (75%) of all cigarettes [and/or other tobacco products](#) sold by that person in this state are sold to
13 dealers or other persons for resale and selling cigarettes [and/or other tobacco products](#) directly to
14 at least forty (40) dealers or other persons for resale; or

15 (D) Maintaining one or more regular places of business in this state for that purpose;
16 provided, that seventy-five percent (75%) of the sold cigarettes [and/or other tobacco products](#) are
17 purchased directly from the manufacturer and selling cigarettes [and/or other tobacco products](#)
18 directly to at least forty (40) dealers or other persons for resale;

19 (5) "Importer" means any person who imports into the United States, either directly or
20 indirectly, a finished cigarette [or other tobacco product](#) for sale or distribution;

21 (6) "Licensed", when used with reference to a manufacturer, importer, distributor or dealer,
22 means only those persons who hold a valid and current license issued under § 44-20-2 for the type
23 of business being engaged in. When the term "licensed" is used before a list of entities, such as
24 "licensed manufacturer, importer, wholesale dealer, or retailer dealer," such term shall be deemed
25 to apply to each entity in such list;

26 (7) "Manufacturer" means any person who manufactures, fabricates, assembles, processes,
27 or labels a finished cigarette [and/or other tobacco products](#);

28 [\(8\) "Other tobacco products" \(OTP\) means any cigars \(excluding Little Cigars, as defined](#)
29 [in § 44-20.2-1, which are subject to cigarette tax\), cheroots, stogies, smoking tobacco \(including](#)
30 [granulated, plug cut, crimp cut, ready rubbed and any other kinds and forms of tobacco suitable for](#)
31 [smoking in a otherwise\), chewing tobacco \(including Cavendish, twist, plug, scrap and any other](#)
32 [kinds and forms of tobacco suitable for chewing\), any and all forms of hookah, shisha and](#)
33 ["mu'assel" tobacco, snuff, and shall include any other articles or products made of or containing](#)
34 [tobacco, in whole or in part, or any tobacco substitute, except cigarettes;](#)

1 ~~(8)~~(9) "Person" means any individual, including an employee or agent, firm, fiduciary,
2 partnership, corporation, trust, or association, however formed;

3 (10) "Pipe" means an apparatus made of any material used to burn or vaporize products so
4 that the smoke or vapors can be inhaled or ingested by the user;

5 ~~(9)~~(11) "Place of business" means ~~and includes~~ any ~~place~~ location where cigarettes and/or
6 other tobacco products are sold, ~~or where cigarettes are~~ stored, ~~or kept for the purpose of sale or~~
7 ~~consumption~~, including, but not limited to, any storage room, attic, basement, garage or other
8 facility immediately adjacent to the location. It also includes any receptacle, hide, vessel, vehicle,
9 airplane, train, or vending machine;

10 ~~(10)~~(12) "Sale" or "sell" ~~includes and applies to~~ means gifts, exchanges, and barter; of
11 cigarettes and/or other tobacco products. The act of holding, storing, or keeping cigarettes and/or
12 other tobacco products at a place of business for any purpose shall be presumed to be holding the
13 cigarettes and/or other tobacco products for sale. Furthermore, any sale of cigarettes and/or other
14 tobacco products by the servants, employees, or agents of the licensed dealer during business hours
15 at the place of business shall be presumed to be a sale by the licensee;

16 ~~(11)~~(13) "Stamp" means the impression, device, stamp, label, or print manufactured,
17 printed, or made as prescribed by the administrator to be affixed to packages of cigarettes, as
18 evidence of the payment of the tax provided by this chapter or to indicate that the cigarettes are
19 intended for a sale or distribution in this state that is exempt from state tax under the provisions of
20 state law; and also includes impressions made by metering machines authorized to be used under
21 the provisions of this chapter.

22 **44-20-3. Penalties for unlicensed business.**

23 Any distributor or dealer who sells, offers for sale, or possesses with intent to sell, cigarettes
24 and/or any other tobacco products without a license as provided in § 44-20-2, ~~shall be fined in~~
25 ~~accordance with the provisions of and the penalties contained in § 11-9-13.15.~~ shall be guilty of a
26 misdemeanor, and shall be fined not more than ten thousand dollars (\$10,000) for each offense, or
27 be imprisoned for a term not to exceed one (1) year, or be punished by both a fine and
28 imprisonment.

29 **44-20-4.1. License availability.**

30 (a) No license under this chapter may be granted, maintained or renewed if the applicant,
31 or any combination of persons owning directly or indirectly any interests in the applicant:

32 (1) Owes five hundred dollars (\$500) or more in delinquent ~~cigarette~~ taxes;

33 (2) Is delinquent in any tax filings for one month or more;

34 (3) Had a license under this chapter revoked by the administrator within the past two (2)

1 years;

2 (4) Has been convicted of a crime relating to cigarettes ~~stolen or counterfeit cigarettes~~
3 and/or other tobacco products;

4 (5) Is a cigarette manufacturer or importer that is neither: (i) a participating manufacturer
5 as defined in subsection II (jj) of the "Master Settlement Agreement" as defined in § 23-71-2; nor
6 (ii) in full compliance with chapter 20.2 of this title and § 23-71-3;

7 (6) Has imported, or caused to be imported, into the United States any cigarette or other
8 tobacco product in violation of 19 U.S.C. § 1681a; or

9 (7) Has imported, or caused to be imported, into the United States, or manufactured for
10 sale or distribution in the United States any cigarette that does not fully comply with the Federal
11 Cigarette Labeling and Advertising Act (15 U.S.C. § 1331, et. seq).

12 (b)(1) No person shall apply for a new license or permit (as defined in § 44-19-1) or renewal
13 of a license or permit, and no license or permit shall be issued or renewed for any applicant, or any
14 combination of persons owning directly or indirectly any interests in the applicant ~~person~~, unless
15 all outstanding fines, fees or other charges relating to any license or permit held by ~~that person~~ the
16 applicant, or any combination of persons owning directly or indirectly any interests in the applicant,
17 as well as any other tax obligations of the applicant, or any combination of persons owning directly
18 or indirectly any interests in the applicant have been paid.

19 (2) No license or permit shall be issued relating to a business ~~at any specific location~~ until
20 all prior licenses or permits relating to that business or to that location have been officially
21 terminated and all fines, fees or charges relating to the prior ~~licenses~~ license or permit have been
22 paid or otherwise resolved or the administrator has found that the person applying for the new
23 license or permit is not acting as an agent for the prior licensee or permit holder who is subject to
24 any such related fines, fees or charges that are still due. Evidence of such agency status includes,
25 but is not limited to, a direct familial relationship and/or an employment, contractual or other formal
26 financial or business relationship with the prior licensee or permit holder.

27 (3) No person shall apply for a new license or permit pertaining to a specific location in
28 order to evade payment of any fines, fees or other charges relating to a prior license or permit ~~for~~
29 ~~that location~~.

30 (4) No new license or permit shall be issued for a business at a specific location for which
31 a license or permit already has been issued unless there is a bona fide, good faith change in
32 ownership of the business at that location.

33 (5) No license or permit shall be issued, renewed or maintained for any person, including
34 the owners of the business being licensed or having applied and received a permit, that has been

1 convicted of violating any criminal law relating to tobacco products, the payment of taxes or fraud
2 or has been ordered to pay civil fines of more than twenty-five thousand (\$25,000) dollars for
3 violations of any civil law relating to tobacco products, the payment of taxes or fraud.

4 **44-20-8. Suspension or revocation of license.**

5 The tax administrator may suspend or revoke any license under this chapter for failure of
6 the licensee to comply with any provision of this chapter or with any provision of any other law or
7 ordinance relative to the sale or purchase of cigarettes or other tobacco products; ~~and the~~. The tax
8 administrator may also suspend or revoke any license for failure of the licensee to comply with any
9 provision of chapter 19 of title 44 and chapter 13 of title 6, and, for the purpose of determining
10 whether the licensee is complying with any provision of chapter 13 of title 6, the tax administrator
11 and his or her authorized agents are empowered, in addition to authority conferred by § 44-20-40,
12 to examine the books, papers, and records of any licensee. The administrator shall revoke the
13 license of any person who would be ineligible to obtain a new or renew a license by reason of any
14 of the conditions for licensure provided in § 44-20-4.1. Any person aggrieved by the suspension or
15 revocation may apply to the administrator for a hearing as provided in § 44-20-47, and may further
16 appeal to the district court as provided in § 44-20-48.

17 **44-20-13.2. Tax imposed on other tobacco products, smokeless tobacco, cigars, and**
18 **pipe tobacco products.**

19 (a) A tax is imposed on all other tobacco products, smokeless tobacco, cigars, and pipe
20 tobacco products sold, ~~or~~ or held for sale in the state by any person, the payment of the tax to be
21 accomplished according to a mechanism established by the administrator, division of taxation,
22 department of ~~administration~~ revenue. ~~Any tobacco product on which the proper amount of tax~~
23 ~~provided for in this chapter has been paid, payment being evidenced by a stamp, is not subject to a~~
24 ~~further tax under this chapter.~~ The tax imposed by this section shall be as follows:

25 (1) At the rate of eighty percent (80%) of the wholesale cost of other tobacco products,
26 cigars, pipe tobacco products and smokeless tobacco other than snuff.

27 (2) Notwithstanding the eighty percent (80%) rate in subsection (a) above, in the case of
28 cigars, the tax shall not exceed fifty cents (\$.50) for each cigar.

29 (3) At the rate of one dollar (\$1.00) per ounce of snuff, and a proportionate tax at the like
30 rate on all fractional parts of an ounce thereof. Such tax shall be computed based on the net weight
31 as listed by the manufacturer, provided, however, that any product listed by the manufacturer as
32 having a net weight of less than 1.2 ounces shall be taxed as if the product has a net weight of 1.2
33 ounces.

34 (b) Any dealer having in his or her possession any ~~tobacco, cigars, and pipe tobacco~~ other

1 tobacco products with respect to the storage or use of which a tax is imposed by this section shall,
2 within five (5) days after coming into possession of the ~~tobacco, cigars, and pipe tobacco~~ other
3 tobacco products in this state, file a return with the tax administrator in a form prescribed by the
4 tax administrator. The return shall be accompanied by a payment of the amount of the tax shown
5 on the form to be due. Records required under this section shall be preserved on the premises
6 described in the relevant license in such a manner as to ensure permanency and accessibility for
7 inspection at reasonable hours by authorized personnel of the administrator.

8 (c) The proceeds collected are paid into the general fund.

9 **44-20-15. Confiscation of contraband cigarettes, other tobacco products, and other**
10 **property.**

11 (a) All cigarettes and other tobacco products which are held for sale or distribution within
12 the borders of this state in violation of the requirements of this chapter are declared to be contraband
13 goods and may be seized by the tax administrator or his or her agents, or employees, or by any
14 sheriff or his or her deputy or any police officer when directed by the tax administrator to do so,
15 without a warrant. All ~~cigarettes~~ contraband goods seized by the state under this chapter shall be
16 destroyed.

17 (b) All fixtures, equipment, and all other materials and personal property on the premises
18 of any distributor or dealer who, with the intent to defraud the state, fails to keep or make any
19 record, return, report, or inventory; keeps or makes any false or fraudulent record, return, report, or
20 inventory required by this chapter; refuses to pay any tax imposed by this chapter; or attempts in
21 any manner to evade or defeat the requirements of this chapter shall be forfeited to the state.

22 **44-20-33. Sale of contraband ~~unstamped~~ cigarettes or contraband other tobacco**
23 **products prohibited.**

24 No distributor shall sell, and no other person shall sell, offer for sale, display for sale, or
25 possess with intent to sell any contraband other tobacco products or contraband cigarettes, the
26 packages or boxes ~~containing~~ of which do not bear stamps evidencing the payment of the tax
27 imposed by this chapter.

28 **44-20-35. Penalties for violations as to unstamped contraband cigarettes or**
29 **contraband other tobacco products.**

30 (a) Any person who violates any provision of §§ 44-20-33 and 44-20-34 shall be fined or
31 imprisoned, or both fined and imprisoned, as follows:

32 (1) For a first offense in a twenty-four-month (24) period, fined ~~not more than one thousand~~
33 ~~dollars (\$1,000), or~~ not more than ~~five (5)~~ ten (10) times the retail value of the ~~cigarettes~~ contraband
34 cigarettes and/or contraband other tobacco products involved, ~~whichever is greater~~ or be

1 imprisoned not more than one (1) year, or be both fined and imprisoned;

2 (2) For a second or subsequent offense in a twenty-four-month (24) period, fined ~~not more~~
3 ~~than five thousand dollars (\$5,000) or~~ not more than twenty-five (25) times the retail value of the
4 ~~cigarettes~~ contraband cigarettes and/or contraband other tobacco products ~~involved, whichever is~~
5 ~~greater,~~ or be imprisoned not more than three (3) years, or be both fined and imprisoned.

6 (b) When determining the amount of a fine sought or imposed under this section, evidence
7 of mitigating factors, including history, severity, and intent shall be considered.

8 **44-20-40.1. Inspections.**

9 (a) The administrator or his or her duly authorized agent shall have authority to enter and
10 inspect, without a warrant during normal business hours, and with a warrant during nonbusiness
11 hours, the facilities and records of any manufacturer, importer, distributor or dealer.

12 (b) In any case where the administrator or his or her duly authorized agent, or any police
13 officer

14 of this state, has knowledge or reasonable grounds to believe that any vehicle is
15 transporting cigarettes or other tobacco products in violation of this chapter, the administrator, such
16 agent, or such police officer, is authorized to stop such vehicle and to inspect the same for
17 contraband cigarettes or other tobacco products.

18 **44-20-43. Violations as to reports and records.**

19 Any person who fails to submit the reports required in this chapter by the tax administrator
20 under this chapter, or who makes any incomplete, false, or fraudulent report, or who refuses to
21 permit the tax administrator or his or her authorized agent to examine any books, records, papers,
22 or stocks of cigarettes or other tobacco products as provided in this chapter, or who refuses to
23 supply the tax administrator with any other information which the tax administrator requests for
24 the reasonable and proper enforcement of the provisions of this chapter, shall be guilty of a
25 misdemeanor punishable by imprisonment up to one (1) year, or a fine ~~fined of~~ not more than five
26 thousand dollars (\$5,000), or both, for the first offense, and for each subsequent offense, shall be
27 fined not more than ten thousand dollars (\$10,000), or be imprisoned not more than five (5) years,
28 or ~~be~~ both ~~fined and imprisoned.~~

29 **44-20-45. Importation of cigarettes and/or other tobacco products with intent to evade**
30 **tax.**

31 Any person, firm, corporation, club, or association of persons who ~~or that~~ orders any
32 cigarettes and/or other tobacco products for another or pools orders for cigarettes and/or other
33 tobacco products from any persons or conspires with others for pooling orders, or receives in this
34 state any shipment of ~~unstamped~~ contraband cigarettes and/or contraband other tobacco products

1 on which the tax imposed by this chapter has not been paid, for the purpose and intention of
2 violating the provisions of this chapter or to avoid payment of the tax imposed in this chapter, is
3 guilty of a felony and shall be fined one hundred thousand dollars (\$100,000) or five (5) times the
4 retail value of the cigarettes involved, whichever is greater, or imprisoned not more than fifteen
5 (15) years, or both.

6 **44-20-51.1. Civil Penalties.**

7 (a) Whoever omits, neglects, or refuses to comply with any duty imposed upon him/her by
8 this chapter, or does, or causes to be done, any of the things required by this chapter, or does
9 anything prohibited by this chapter, shall, in addition to any other penalty provided in this chapter,
10 be liable as follows:

11 (1) For a first offense in a twenty-four month (24) period, a penalty of not more than ~~one~~
12 ~~thousand dollars (\$1,000), or five (5)~~ ten (10) times the retail value of the cigarettes and/or other
13 tobacco products involved, ~~whichever is greater, to be recovered, with costs of suit, in a civil action;~~
14 and

15 (2) For a second or subsequent offense in a twenty-four-month (24) period, a penalty of
16 not more than ~~five thousand dollars (\$5,000), or not more than~~ twenty-five (25) times the retail
17 value of the cigarettes and/or other tobacco products involved, ~~whichever is greater, to be~~
18 ~~recovered, with costs of suit, in a civil action.~~

19 (b) Whoever fails to pay any tax imposed by this chapter at the time prescribed by law or
20 regulations, shall, in addition to any other penalty provided in this chapter, be liable for a penalty
21 of one thousand dollars (\$1,000) or not more than five (5) times the tax due but unpaid, whichever
22 is greater.

23 (c) When determining the amount of a penalty sought or imposed under this section,
24 evidence of mitigating or aggravating factors, including history, severity, and intent, shall be
25 considered.

26 SECTION 16. Section 44-26-2.1 of the General Laws in Chapter 44-26 entitled
27 "Declaration of Estimated Tax by Corporations" is hereby amended to read as follows:

28 **44-26-2.1. Declaration -- Due date -- Payment -- Interest.**

29 (a) Notwithstanding any general or specific statute to the contrary, every corporation
30 having a taxable year ending December 31, 1990, or thereafter, until December 31, 2017 shall file
31 a declaration and payment of its estimated tax for the taxable year ending December 31, 1990, or
32 thereafter, until December 31, 2017, as applicable herein, if its estimated tax can reasonably be
33 expected to exceed five hundred dollars (\$500). Every corporation having a taxable year after
34 December 31, 2017, shall file its declaration and estimated payment in accordance with subsection

1 [\(n\) herein and in conformity with federal statute and regulations notwithstanding any Rhode Island](#)
2 [statute to the contrary.](#) The declaration, sworn to by the officer of the corporation who is required
3 to sign its return under any of the chapters and section mentioned in § 44-26-1 shall contain the
4 pertinent information and be in the form that the tax administrator may prescribe. The entire amount
5 of the estimated tax shall constitute the amount of the advance required to be paid.

6 (b) (1) Except as provided in subdivision (2) of this subsection, the declaration of estimated
7 tax required of corporations by subsection (a) of this section shall be filed as follows:

8 If the requirements of subsection (a) are first met The declaration shall be filed on or
9 before:

10 before the first day of the third month
11 of the taxable year the fifteenth day of the third month of
12 the taxable year;

13 after the first day of the third month and
14 before the first day of the sixth month
15 of the taxable year the fifteenth day of the sixth month
16 of the taxable year.

17 (2) The declaration of estimated tax required of corporations subject to § 27-3-38 relating
18 to surplus line brokers premium tax or under any special act or acts in lieu of the provisions of that
19 section or in amendment of or in addition to that section shall be filed as follows:

20 If the requirements of subsection (a) are first met The declaration shall be filed on or
21 before:

22 Before the first day of the fourth month
23 of the taxable year the thirtieth day of the fourth month of
24 the taxable year;

25 After the first day of the fourth month and
26 before the first day of the sixth month
27 of the taxable year the thirtieth day of the sixth month of
28 the taxable year.

29 After the first day of the sixth month and
30 before the first day of the tenth month
31 of the taxable year the thirtieth day of the tenth month of
32 the taxable year.

33 After the first day of the tenth month and
34 before the first day of the twelfth month of

1 the taxable year the thirty-first day of the twelfth month
2 of the taxable year.

3 (c) An amendment of a declaration may be filed in any interval between installment dates
4 prescribed for the taxable year, but only one amendment may be filed in each interval.

5 (d) The tax administrator may grant a reasonable extension of time, not to exceed thirty
6 (30) days, for filing a declaration.

7 (e) (1) The amount of the advance based on the estimated tax declared under subsection (a)
8 of this section by corporations described in subdivision (b)(1) of this section shall be paid as
9 follows:

10 (i) If the declaration is filed on or before the fifteenth (15th) day of the third (3rd) month
11 of the taxable year, the advance shall be paid in two (2) installments. The first installment in the
12 amount of forty percent (40%) of the estimated tax shall be paid at the time of the filing of the
13 declaration. The second and last installment in the amount of sixty percent (60%) of the estimated
14 tax shall be paid on or before the fifteenth (15th) day of the sixth (6th) month of the taxable year.

15 (ii) If the declaration is filed after the fifteenth (15th) day of the third (3rd) month of the
16 taxable year and is not required by subsection (b) of this section to be filed on or before the fifteenth
17 (15th) day of the third (3rd) month of the taxable year, but is required to be filed on or before the
18 fifteenth (15th) day of the sixth (6th) month, the advance shall be paid in full at the time of filing.

19 (2) The amount of the advance based in the estimated tax declared under subsection (a) of
20 this section by corporations listed in subdivision (b)(2) of this section shall be paid as follows:

21 (i) If the declaration is filed on or before the thirtieth (30th) day of the fourth (4th) month
22 of the taxable year, the advance shall be paid in four (4) equal installments. The first installment
23 shall be paid on or before the thirtieth (30th) day of the fourth (4th) month of the taxable year, and
24 the second (2nd), third (3rd), and fourth (4th) installments shall be paid on or before the thirtieth
25 (30th) day of the sixth (6th) month, the thirtieth (30th) day of the tenth (10th) month, and the thirty-
26 first (31st) day of the twelfth (12th) month of the taxable year, respectively.

27 (ii) If the declaration is filed before the thirtieth (30th) day of the sixth (6th) month of the
28 taxable year, the advance shall be paid in three (3) equal installments. The first installment shall be
29 paid on or before the thirtieth (30th) day of the sixth (6th) month of the taxable year and the second
30 (2nd) and third (3rd) installments shall be paid on or before the thirtieth (30th) day of the tenth
31 (10th) month and the thirty-first (31st) day of the twelfth (12th) month of the taxable year
32 respectively.

33 (iii) If the declaration is filed on or before the thirtieth (30th) day of the tenth (10th) month
34 of the taxable year, the advance shall be paid in two (2) equal installments. The first installment

1 shall be paid on or before the thirtieth (30th) day of the tenth (10th) month of the taxable year and
2 the second installment shall be paid on or before the thirty-first (31st) day of the twelfth (12th)
3 month of the taxable year.

4 (iv) If the declaration is filed after the time prescribed in subdivision (b)(2) of this section,
5 including cases in which an extension of time for filing the declaration has been granted, there shall
6 be paid at the time of the filing all installments of the advance which would have been payable on
7 or before that time if the declaration had been filed within the time prescribed in subdivision (b)(2)
8 of this section.

9 (f) If the declaration is filed after the time prescribed in subsection (b) of this section
10 including cases in which an extension of time for filing the declaration has been granted, paragraph
11 (e)(1)(ii) of this section does not apply, and there shall be paid at the time of the filing all
12 installments of the advance which would have been payable on or before that time if the declaration
13 had been filed within the time prescribed in subsection (b).

14 (g) If any amendment of a declaration is filed, the installment payable on or before the
15 fifteenth (15th) day of the sixth (6th) month, if any, or in the case of corporations licensed as surplus
16 line brokers under § 27-3-38, the installments payable on or before the thirtieth (30th) days of the
17 sixth (6th) or tenth (10th) month and thirty-first (31st) day of the twelfth (12th) month are ratably
18 increased or decreased, as the case may be, to reflect the increase or decrease, as the case may be,
19 in the estimated tax by reason of the amendment.

20 (h) At the election of the corporation, any installment of the advance may be paid prior to
21 the date prescribed for payment.

22 (i) In the case of any underpayment of the advance by a corporation, except as provided in
23 this section, there is added to the tax due under chapters 11 -- 15 and 17 of this title, or § 27-3-38,
24 for the taxable year an amount determined at the rate described in § 44-1-7 upon the amount of the
25 underpayment for the period of the underpayment. For the purpose of this subsection, the "amount
26 of the underpayment" is the excess of the amount of the installment or installments which would
27 be required to be paid if the advance payments were equal to eighty percent (80%) of the tax shown
28 on the return for the taxable year. For the purposes of this subsection, the "period of the
29 underpayment" is the period from the date the installment was required to be paid to the date
30 prescribed under any of the chapters previously mentioned in this section for the payment of the
31 tax for the taxable year or, with respect to any portion of the underpayment, the date on which the
32 portion is paid, whichever date is the earlier. A payment of the advance on the fifteenth (15th) day
33 of the sixth (6th) month, or for § 27-3-38 on the thirtieth (30th) day of the sixth (6th) month, of the
34 taxable year is considered a payment of any previous underpayment only to the extent that the

1 payment exceeds the amount of the installment due on the fifteenth (15th) day of the sixth (6th)
2 month, or for § 27-3-38 on the thirtieth (30th) day of the sixth (6th) month, of the taxable year.

3 (j) Notwithstanding the provisions of this section, the addition to the tax with respect to
4 any underpayment of any installment is not imposed if the total amount of all payments of the
5 advance made on or before the last date prescribed for payment of the installment equals or exceeds
6 the amount which would have been required to be paid on or before that date if the amount of the
7 advance was an amount equal to one hundred percent (100%) of the tax computed at the rates
8 applicable to the taxable year but otherwise on the basis of the fact shown on the return of the
9 corporation for and the law applicable to the preceding taxable year.

10 (k) This section is effective for estimated payments being made by corporations for taxable
11 years ending on or after December 31, 1990.

12 (l) Notwithstanding any other provisions of this section any taxpayer required to make an
13 adjustment in accordance with § 44-11-11(f) in a tax year beginning in calendar year 2008 shall
14 compute estimated payments for that tax year as follows:

15 (1) The installments must equal 100% of the tax due for the prior year plus any additional
16 tax due for the current year adjustment under § 44-11-11(f), or

17 (2) That installments must equal 100% of the current year tax liability.

18 (m) Notwithstanding any other provisions of this section any taxpayer required to file a
19 combined report in accordance with § 44-11-4.1 in a tax year beginning on or after January 1, 2015,
20 shall compute estimated payments for that tax year as follows:

21 (1) The installments must equal one hundred percent (100%) of the tax due for the prior
22 year plus any additional tax due to the combined report provisions under § 44-1-4.1; or

23 (2) The installments must equal one hundred percent (100%) of the current year tax
24 liability.

25 (n) Notwithstanding any Rhode Island statute to the contrary, every corporation having a
26 taxable year beginning after December 31, 2017, shall file its declaration and estimated payment
27 in accordance with federal statute and regulations: with current federal filing requirements, the four
28 (4) estimated tax installment payments of twenty-five percent (25%) each are due: on the 15th day
29 of the 4th, 6th, 9th, and 12th months of the tax year. If any due date falls on a Saturday, Sunday, or
30 Rhode Island legal holiday, the installment is due on the next regular business day.

31 SECTION 17. Title 44 of the General Laws entitled "TAXATION" is hereby amended by
32 adding thereto the following chapter:

33 CHAPTER 6.5

34 RHODE ISLAND TAX AMNESTY ACT OF 2017

1 **44-6.5-1. Short title.**

2 This chapter shall be known as the "Rhode Island Tax Amnesty Act of 2017."

3 **44-6.5-2. Definitions.**

4 As used in this chapter, the following terms have the meaning ascribed to them in this
5 section, except when the context clearly indicates a different meaning:

6 (1) "Taxable period" means any period for which a tax return is required by law to be filed
7 with the tax administrator.

8 (2) "Taxpayer" means any person, corporation, or other entity subject to any tax imposed
9 by any law of the state of Rhode Island and payable to the state of Rhode Island and collected by
10 the tax administrator.

11 **44-6.5-3. Establishment of tax amnesty.**

12 (a) The tax administrator shall establish a tax amnesty program for all taxpayers owing any
13 tax imposed by reason of or pursuant to authorization by any law of the state of Rhode Island and
14 collected by the tax administrator. Amnesty tax return forms shall be prepared by the tax
15 administrator and shall provide that the taxpayer clearly specify the tax due and the taxable period
16 for which amnesty is being sought by the taxpayer.

17 (b) The amnesty program shall be conducted for a seventy-five (75) day period ending on
18 February 15, 2018. The amnesty program shall provide that, upon written application by a taxpayer
19 and payment by the taxpayer of all taxes and interest due from the taxpayer to the state of Rhode
20 Island for any taxable period ending on or prior to December 31, 2016, the tax administrator shall
21 not seek to collect any penalties which may be applicable and shall not seek the civil or criminal
22 prosecution of any taxpayer for the taxable period for which amnesty has been granted. Amnesty
23 shall be granted only to those taxpayers applying for amnesty during the amnesty period who have
24 paid the tax and interest due upon filing the amnesty tax return, or who have entered into an
25 installment payment agreement for reasons of financial hardship and upon terms and conditions set
26 by the tax administrator. In the case of the failure of a taxpayer to pay any installment due under
27 the agreement, such an agreement shall cease to be effective and the balance of the amounts
28 required to be paid thereunder shall be due immediately. Amnesty shall be granted for only the
29 taxable period specified in the application and only if all amnesty condition are satisfied by the
30 taxpayer.

31 (c) The provisions of this section shall include a taxable period for which a bill or notice
32 of deficiency determination has been sent to the taxpayer.

33 (d) Amnesty shall not be granted to taxpayers who are under any criminal investigation or
34 are a party to any civil or criminal proceeding, pending in any court of the United States or the state

1 of Rhode Island, for fraud in relation to any state tax imposed by the law of the state and collected
2 by the tax administrator.

3 **44-6.5-4. Interest under tax amnesty.**

4 Notwithstanding any provision of law to the contrary, interest on any taxes paid for periods
5 covered under the amnesty provisions of this chapter shall be computed at the rate imposed under
6 section 44-1-7, reduced by twenty five percent (25%).

7 **44-6.5-5. Implementation.**

8 Notwithstanding any provision of law to the contrary, the tax administrator may do all
9 things necessary in order to provide for the timely implementation of this chapter, including, but
10 not limited to, procurement of printing and other services and expenditure of appropriated funds as
11 provided for in section 44-6.4-5.

12 **44-6.5-6. Disposition of monies.**

13 (a) Except as provided in subsection (b) within, all monies collected pursuant to any tax
14 imposed by the state of Rhode Island under the provisions of this chapter shall be accounted for
15 separately and paid into the general fund.

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

20 **44-6.5-7. Analysis of amnesty program by tax administrator.**

21 The tax administrator shall provide an analysis of the amnesty program to the chairpersons
22 of the house finance committee and senate finance committee, with copies to the members of the
23 revenue estimating conference, by April 30, 2018. The report shall include an analysis of revenues
24 received by tax source, distinguishing between the tax collected and interest collected for each
25 source. In addition, the report shall further identify the amounts that are new revenues from those
26 already included in the general revenue receivable taxes, defined under generally accepted
27 accounting principles and the state's audited financial statements.

28 **44-6.5-8. Rules and regulations.**

29 The tax administrator may promulgate such rules and regulations as are necessary to
30 implement the provisions of this chapter.

31 SECTION 18. Title 44 of the General Laws entitled "TAXATION" is hereby amended by
32 adding thereto the following chapter:

33 **CHAPTER 18.2**

34 **SALES AND USE TAX -- NON-COLLECTING RETAILERS, REFERRERS, AND RETAIL**

1 SALE FACILITATORS ACT

2 **44-18.2-1. Legislative findings.**

3 The general assembly finds and declares that:

4 (1) The commerce clause of the United States Constitution prohibits states from imposing
5 an undue burden on interstate commerce.

6 (2) There has been an exponential expansion of online commerce and related technology,
7 and due to the ready availability of sales and use tax collection software and Rhode Island's status
8 as a signatory to the Streamlined Sales and Use Tax Agreement under which there is an existing
9 compliance infrastructure in place to facilitate the collection and remittance of sales tax by non-
10 collecting retailers, it is no longer an undue burden for non-collecting retailers to accurately
11 compute, collect and remit and/or report with respect to their sales and use tax obligations to Rhode
12 Island.

13 (3) The existence and/or presence of a non-collecting retailer's, referrer's, or retail sale
14 facilitator's in-state software on the devices of in-state customers constitutes physical presence of
15 the non-collecting retailer, referrer, or retail sale facilitator in Rhode Island under Quill Corp. v.
16 North Dakota. 504 U.S. 298 (U.S. 1992).

17 (4) While such a physical presence of the non-collecting retailer, referrer, or retail sale
18 facilitator may not be "presence" in the traditional sense, a non-collecting retailer, referrer, or retail
19 sale facilitator who uses in-state software and engages in a significant number of transactions with
20 in-state customers in a calendar year or receives significant revenue from internet sales to in-state
21 customers in a given calendar year evidences an intent to establish and maintain a market in this
22 state for its sales.

23 **44-18.2-2. Definitions.**

24 For the purposes of this chapter:

25 (1) "Division of taxation" means the Rhode Island department of revenue, division of
26 taxation. The division may also be referred to in this chapter as the "division of taxation", "tax
27 division", or "division."

28 (2) "In-state customer" means a person or persons who makes a purchase of tangible
29 personal property, prewritten computer software delivered electronically or by load and leave as
30 defined in §44-18- 7.1(g)(v), and/or taxable services as defined under §44-18-1 et seq. for use,
31 storage, and/or other consumption in this state.

32 (3) "In-state software" means software used by in-state customers on their computers,
33 smartphones, and other electronic and/or communication devices, including information or
34 software such as cached files, cached software, or 'cookies', or other data tracking tools, that are

1 stored on property in this state or distributed within this state, for the purpose of purchasing tangible
2 personal property, prewritten computer software delivered electronically or by load and leave,
3 and/or taxable services.

4 (4) "Non-collecting retailer" means any person or persons who meets at least one of the
5 following criteria:

6 (A) Uses in-state software to make sales at retail of tangible personal property, prewritten
7 computer software delivered electronically or by load and leave, and/or taxable services; or

8 (B) Sells, leases, or delivers in this state, or participates in any activity in this state in
9 connection with the selling, leasing, or delivering in this state, of tangible personal property,
10 prewritten computer software delivered electronically or by load and leave, and/or taxable services
11 for use, storage, distribution, or consumption within this state. This includes, but shall not be limited
12 to, any of the following acts or methods of transacting business:

13 (i) Engaging in, either directly or indirectly through a referrer, retail sale facilitator, or other
14 third party, direct response marketing targeted at in-state customers. For purposes of this
15 subsection, direct response marketing includes, but is not limited to, sending, transmitting, or
16 broadcasting via flyers, newsletters, telephone calls, targeted electronic mail, text messages, social
17 media messages, targeted mailings; collecting, analyzing and utilizing individual data on in-state
18 customers; using information or software, including cached files, cached software, or 'cookies', or
19 other data tracking tools, that are stored on property in or distributed within this state; or taking any
20 other action(s) that use persons, tangible property, intangible property, digital files or information,
21 or software in this state in an effort to enhance the probability that the person's contacts with a
22 potential in-state customer will result in a sale to that instate customer;

23 (ii) Entering into one or more agreements under which a person or persons who has
24 physical presence in this state refers, either directly or indirectly, potential in-state customers of
25 tangible personal property, prewritten computer software delivered electronically or by load and
26 leave and/or taxable services to the non-collecting retailer for a fee, commission, or other
27 consideration whether by an Internet-based link or an Internet, website or otherwise. An agreement
28 under which a non-collecting retailer purchases advertisements from a person or persons in this
29 state to be delivered in this state on television, radio, in print, on the Internet or by any other medium
30 in this state, shall not be considered an agreement under this subsection (ii), unless the
31 advertisement revenue or a portion thereof paid to the person or persons in this state consists of a
32 fee, commission, or other consideration that is based in whole or in part upon sales of tangible
33 personal property, prewritten computer software delivered electronically or by load and leave,
34 and/or taxable services; or

1 (iii) Using a retail sale facilitator to sell, lease, or deliver in this state, or participate in any
2 activity in this state in connection with the selling, leasing, or delivering in this state, of tangible
3 personal property, prewritten computer software delivered electronically or by load and leave,
4 and/or taxable services for use, storage, or consumption in this state.

5 (C) Uses a sales process that includes listing, branding, or selling tangible personal
6 property, prewritten computer software delivered electronically or by load and leave, and/or taxable
7 services for sale, soliciting, processing orders, fulfilling orders, providing customer service and/or
8 accepting or assisting with returns or exchanges occurring in this state, regardless of whether that
9 part of the process has been subcontracted to an affiliate or third party. The sales process for which
10 the in-state customer is charged not more than the basic charge for shipping and handling as used
11 in this subsection shall not include shipping via a common carrier or the United States mail;

12 (D) Offers its tangible personal property, prewritten computer software delivered
13 electronically or by load and leave, and/or taxable services for sale through one or more retail sale
14 facilitators that has physical presence in this state;

15 (E) Is related to a person that has physical presence in this state, and such related person
16 with a physical presence in this state;

17 (i) Sells tangible personal property, prewritten computer software delivered electronically
18 or by load and leave, and/or taxable services that are the same or substantially similar to that sold
19 by a non-collecting retailer under a business name that is the same or substantially similar to that
20 of the non-collecting retailer;

21 (ii) Maintains an office, distribution facility, salesroom, warehouse, storage place, or other
22 similar place of business in this state to facilitate the delivery of tangible personal property,
23 prewritten computer software delivered electronically or by load and leave, and/or taxable services
24 sold by the non-collecting retailer;

25 (iii) Uses, with consent or knowledge of the non-collecting retailer, trademarks, service
26 marks, or trade names in this state that are the same or substantially similar to those used by the
27 non-collecting retailer;

28 (iv) Delivers or has delivered (except for delivery by common carrier or United States mail
29 for which the in-state customer is charged not more than the basic charge for shipping and
30 handling), installs, or assembles tangible personal property in this state, or performs maintenance
31 or repair services on tangible personal property in this state, which tangible personal property is
32 sold to in-state customers by the non-collecting retailer;

33 (v) Facilitates the delivery of tangible personal property purchased from a non-collecting
34 retailer but delivered in this state by allowing an in-state customer to pick up the tangible personal

1 property at an office distribution facility, salesroom, warehouse, storage place, or other similar
2 place of business maintained in this state; or

3 (vi) Shares management, business systems, business practices, computer resources,
4 communication systems, payroll, personnel, or other such business resources and activities with
5 the non-collecting retailer, and/or engages in intercompany transactions with the non-collecting
6 retailer, either or both of which relate to the activities that establish or maintain the non-collecting
7 retailer's market in this state.

8 (F) Any person or persons who meets at least one of the criteria in §§44-18.2-2(4)(A)
9 through 44-18.2-2(4)(E) above shall be presumed to be a non-collecting retailer.

10 (5) "Person" means person as defined in §44-18-6 of the general laws.

11 (6) "Referrer" means every person who:

12 (A) Contracts or otherwise agrees with a retailer to list and/or advertise for sale in this state
13 tangible personal property, prewritten computer software delivered electronically or by load and
14 leave, and/or taxable services in any forum, including, but not limited to, a catalog or Internet
15 website;

16 (B) Receives a fee, commission, and/or other consideration from a retailer for the listing
17 and/or advertisement;

18 (C) Transfers, via in-state software, Internet link, or otherwise, an in-state customer to the
19 retailer or the retailer's employee, affiliate, or website to complete a purchase; and

20 (D) Does not collect payments from the in-state customer for the transaction.

21 (E) A person or persons who engages in the activity set forth in all of the activities set forth
22 in §§44-18.2-2(6)(A) through 44-18.2-2(6)(D) above shall be presumed to be a referrer.

23 (7) "Related" means:

24 (A) Having a relationship with the non-collecting retailer within the meaning of the internal
25 revenue code of 1986 as amended; or

26 (B) Having one or more ownership relationships and a purpose of having the ownership
27 relationship is to avoid the application of this chapter.

28 (8) A "retail sale" or "sale at retail" means any retail sale or sale at retail as defined in §44-
29 18-8 of the general laws.

30 (9) "Retail sale facilitator" means any person or persons that facilitates a sale by a retailer
31 by engaging in the following types of activities:

32 (A) Using in-state software to make sales at retail of tangible personal property, prewritten
33 computer software delivered electronically or by load and leave, and/or taxable services; or

34 (B) Contracting or otherwise agreeing with a retailer to list and/or advertise for sale

1 tangible personal property, prewritten computer software delivered electronically or by load and
2 leave, and/or taxable services in any forum, including, but not limited to, a catalog or Internet
3 website; and

4 (C) Either directly or indirectly through agreements or arrangements with third parties,
5 collecting payments from the in-state customer and transmitting those payments to a retailer. A
6 person or persons may be a retail sale facilitator regardless of whether they deduct any fees from
7 the transaction. The division may define in regulation circumstances under which a retail sale
8 facilitator shall be deemed to facilitate a retail sale.

9 (D) A person or persons who engages in the type of activity set forth in §44-18.2-2(9)(A)
10 above or both of the types of activities set forth in §§44-18.2-2(9)(B) and 44-18.2-2(9)(C) above
11 shall be presumed to be a retail sale facilitator.

12 (10) A "retailer" means retailer as defined in §44-18-15 of the general laws.

13 (11) "State" means the State of Rhode Island and Providence Plantations.

14 (12) "Streamlined agreement" means the Streamlined Sales and Use Tax Agreement as
15 referenced in §44-18.1-1 et seq. of the general laws.

16 **44-18.2-3. Requirements for non-collecting retailers, referrers, and retail sale**
17 **facilitators.**

18 (A) Except as otherwise provided below in §44-18.2-4, beginning on the later of July 15,
19 2017, or two (2) weeks after the enactment of this chapter, and for each tax year thereafter, any
20 non-collecting retailer, referrer, or retail sale facilitator, as defined in this chapter, that in the
21 immediately preceding calendar year either:

22 (i) Has gross revenue from the sale of tangible personal property, prewritten computer
23 software delivered electronically or by load and leave, and/or has taxable services delivered into
24 this state equal to or exceeding one hundred thousand dollars (\$100,000); or

25 (ii) Has sold tangible personal property, prewritten computer software delivered
26 electronically or by load and leave, and/or taxable services for delivery into this state in two
27 hundred (200) or more separate transactions shall comply with the requirements in §§44-18.2-3(E),
28 (F), and (G) as applicable.

29 (B) A non-collecting retailer, as defined in this chapter, shall comply with §44-18.2-3(E)
30 below if it meets the criteria of either §44-18.2-3(A)(i) or (ii) above.

31 (C) A referrer, as defined in this chapter, shall comply with §44-18.2-3(F) below if it meets
32 the criteria of either §44-18.2-3(A)(i) or (ii) above.

33 (D) A retail sale facilitator, as defined in this chapter, shall comply with §44-18.2-3(G)
34 below if it meets the criteria of either §44-18.2-3(A)(i) or (ii) above.

1 (E) Non-collecting retailer. A non-collecting retailer shall either register in this state for a
2 permit to make sales at retail and collect and remit sales and use tax on all taxable sales into the
3 state or:

4 (1) Post a conspicuous notice on its website that informs in-state customers that sales or
5 use tax is due on certain purchases made from the non-collecting retailer and that this state requires
6 the in-state customer to file a sales or use tax return;

7 (2) At the time of purchase, notify in-state customers that sales or use tax is due on taxable
8 purchases made from the non-collecting retailer and that the state of Rhode Island requires the in-
9 state customer to file a sales or use tax return;

10 (3) Within forty-eight (48) hours of the time of purchase, notify in-state customers in
11 writing that sales or use tax is due on taxable purchases made from the non-collecting retailer and
12 that this state requires the in-state customer to file a sales or use tax return reflecting said purchase;

13 (4) On or before January 31 of each year, including January 31, 2018, for purchases made
14 in calendar year 2017, send a written notice to all in-state customers who have cumulative annual
15 taxable purchases from the non-collecting retailer totaling one hundred dollars (\$100) or more for
16 the prior calendar year. The notification shall show the name of the non-collecting retailer, the total
17 amount paid by the in-state customer to the non-collecting retailer in the previous calendar year,
18 and, if available, the dates of purchases, the dollar amount of each purchase, and the category or
19 type of the purchase, including, whether the purchase is exempt or not exempt from taxation in
20 Rhode Island. The notification shall include such other information as the division may require by
21 rule and regulation. The notification shall state that the state of Rhode Island requires a sales or use
22 tax return to be filed and sales or use tax to be paid on certain categories or types of purchases made
23 by the in-state customer from the non-collecting retailer. The notification shall be sent separately
24 to all in-state customers by first-class mail and shall not be included with any other shipments or
25 mailings. The notification shall include the words "Important Tax Document Enclosed" on the
26 exterior of the mailing; and

27 (5) Beginning on February 15, 2018, and not later than each February 15 thereafter, a non-
28 collecting retailer that has not registered in this state for a permit to make sales at retail and collect
29 and remit sales and use tax on all taxable sales into the state for any portion of the prior calendar
30 year, shall file with the division on such form and/or in such format as the division prescribes an
31 attestation that the non-collecting retailer has complied with the requirements of §§44-18.2-3(E)(1)
32 through (4) herein.

33 (F) Referrer. At such time during any calendar year, or any portion thereof, that a referrer
34 receives more than ten thousand dollars (\$10,000) from fees, commissions, and/or other

1 compensation paid to it by retailers with whom it has a contract or agreement to list and/or advertise
2 for sale tangible personal property, prewritten computer software delivered electronically or by
3 load and leave, and/or taxable services, said referrer shall within thirty (30) days provide written
4 notice to all such retailers that the retailers' sales may be subject to this state's sales and use tax.

5 (G) Retail sale facilitator. Beginning January 15, 2018, and each year thereafter, a retail
6 sale facilitator shall provide the division of taxation with:

7 (i) A list of names and addresses of the retailers for whom during the prior calendar year
8 the retail sale facilitator collected Rhode Island sales and use tax; and

9 (ii) A list of names and addresses of the retailers who during the prior calendar year used
10 the retail sale facilitator to serve in-state customers but for whom the retail sale facilitator did not
11 collect Rhode Island sales and use tax.

12 (H) Any person or entity that engages in any activity or activities of a non-collecting
13 retailer, referrer, and/or retail sale facilitator as defined herein shall be presumed to be a non-
14 collecting retailer, referrer, and/or retail sale facilitator as applicable even if referred to by another
15 name or designation. Said person or entity shall be subject to the terms and conditions set forth in
16 this chapter.

17 **44-18.2-4. Exceptions for referrers, and retail sale facilitators.**

18 (A)(i) Notwithstanding the provisions of §44-18.2-3, no retail sale facilitator shall be
19 required to comply with the provisions of §44-18.2-3(G), for any sale where the retail sale
20 facilitator within ninety (90) days of the date of the sale has been provided either:

21 (1) A copy of the retailer's Rhode Island sales tax permit to make sales at retail in this state
22 or its resale certificate as applicable; or

23 (2) Evidence of a fully completed Rhode Island or Streamlined agreement sales and use
24 tax exemption certificate.

25 (ii) Notwithstanding the provisions of §44-18.2-3, no referrer shall be required to comply
26 with the provisions of §44-18.2-3(F) for any referral where the referrer within ninety (90) days of
27 the date of the sale has been provided either:

28 (1) A copy of the retailer's Rhode Island sales tax permit to make sales at retail in this state
29 or its resale certificate as applicable; or

30 (2) Evidence of a fully completed Rhode Island or Streamlined agreement sales and use
31 tax exemption certificate.

32 (B) Nothing in this section shall be construed to interfere with the ability of a non-collecting
33 retailer, referrer, or retail sale facilitator and a retailer to enter into agreements with each other;
34 provided, however, the terms of said agreements shall not in any way be inconsistent with or

1 contravene the requirements of this chapter.

2 **44-18.2-5. Penalties.**

3 Any non-collecting retailer, referrer, or retail sale facilitator that fails to comply with any
4 of the requirements of this chapter shall be subject to a penalty of ten dollars (\$10.00) for each such
5 failure, but not less than a total penalty of ten thousand dollars (\$10,000) per calendar year. Each
6 instance of failing to comply with the requirements of this chapter shall constitute a separate
7 violation for purposes of calculating the penalty under this section. This penalty shall be in addition
8 to any other applicable penalties under title 44 of the general laws.

9 **44-18.2-6. Other obligations.**

10 (A) Nothing in this section affects the obligation of any in-state customer to remit use tax
11 as to any applicable transaction in which the seller, non-collecting retailer, or retail sale facilitator
12 has not collected and remitted the sales tax for said transaction.

13 (B) Nothing in this chapter shall be construed as relieving any other person or entity
14 otherwise required to collect and remit sales and use tax under applicable Rhode Island law from
15 continuing to do so.

16 (C) In the event that any section of this chapter is later determined to be unlawful, no
17 person, persons, or entity shall have a cause of action against the person that collected and remitted
18 the sales and use tax pursuant to this chapter.

19 **44-18.2-7. Rules and regulations -- Forms.**

20 The tax administrator may promulgate rules and regulations, not inconsistent with law, to
21 carry into effect the provisions of this chapter.

22 **44-18.2-8. Enforcement.**

23 (A) General. The tax administrator shall administer and enforce this chapter and may
24 require any facts and information to be reported that he or she may deem necessary to enforce the
25 provisions of this chapter.

26 (B) Examination of books and witnesses. For the purpose of ascertaining the correctness
27 of any filing or notice or for the purpose of compliance with the terms of this chapter, the tax
28 administrator shall have the power to examine or to cause to have examined, by any agent or
29 representative designated by the tax administrator for that purpose, any books, papers, records, or
30 memoranda bearing upon said matters and may require the attendance of the person rendering the
31 return or any officer or employee of the person, or the attendance of any other person having
32 knowledge of the correctness of any filing or notice or compliance with the terms of this chapter,
33 and may take testimony and require proof material for its information, with power to administer
34 oaths to the person or persons.

1 **44-18.2-9. Appeal.**

2 If the tax administrator issues a final determination hereunder, an appeal may be made
3 pursuant to the provisions of chapter 19 of title 44 of the general laws.

4 **44-18.2-10. Severability.**

5 If any provision of this chapter or the application thereof is held invalid, such invalidity
6 shall not affect the provisions or applications of this chapter which can be given effect without the
7 invalid provisions or applications.

8 SECTION 19. Section 44-30-2.6 of the General Laws in Chapter 44-30 entitled "Personal
9 Income Tax" is hereby amended to read as follows:

10 **44-30-2.6. Rhode Island taxable income -- Rate of tax. [Effective January 1, 2017.]**

11 (a) "Rhode Island taxable income" means federal taxable income as determined under the
12 Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-
13 deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax
14 Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act
15 of 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

16 (b) Notwithstanding the provisions of §§ 44-30-1 and 44-30-2, for tax years beginning on
17 or after January 1, 2001, a Rhode Island personal income tax is imposed upon the Rhode Island
18 taxable income of residents and nonresidents, including estates and trusts, at the rate of twenty-
19 five and one-half percent (25.5%) for tax year 2001, and twenty-five percent (25%) for tax year
20 2002 and thereafter of the federal income tax rates, including capital gains rates and any other
21 special rates for other types of income, except as provided in § 44-30-2.7, which were in effect
22 immediately prior to enactment of the Economic Growth and Tax Relief Reconciliation Act of
23 2001 (EGTRRA); provided, rate schedules shall be adjusted for inflation by the tax administrator
24 beginning in taxable year 2002 and thereafter in the manner prescribed for adjustment by the
25 commissioner of Internal Revenue in 26 U.S.C. § 1(f). However, for tax years beginning on or
26 after January 1, 2006, a taxpayer may elect to use the alternative flat tax rate provided in § 44-30-
27 2.10 to calculate his or her personal income tax liability.

28 (c) For tax years beginning on or after January 1, 2001, if a taxpayer has an alternative
29 minimum tax for federal tax purposes, the taxpayer shall determine if he or she has a Rhode Island
30 alternative minimum tax. The Rhode Island alternative minimum tax shall be computed by
31 multiplying the federal tentative minimum tax without allowing for the increased exemptions
32 under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (as redetermined on federal
33 form 6251 Alternative Minimum Tax-Individuals) by twenty-five and one-half percent (25.5%)
34 for tax year 2001, and twenty-five percent (25%) for tax year 2002 and thereafter, and comparing

1 the product to the Rhode Island tax as computed otherwise under this section. The excess shall be
2 the taxpayer's Rhode Island alternative minimum tax.

3 (1) For tax years beginning on or after January 1, 2005, and thereafter, the exemption
4 amount for alternative minimum tax, for Rhode Island purposes, shall be adjusted for inflation by
5 the tax administrator in the manner prescribed for adjustment by the commissioner of Internal
6 Revenue in 26 U.S.C. § 1(f).

7 (2) For the period January 1, 2007, through December 31, 2007, and thereafter, Rhode
8 Island taxable income shall be determined by deducting from federal adjusted gross income as
9 defined in 26 U.S.C. § 62 as modified by the modifications in § 44-30-12 the Rhode Island
10 itemized-deduction amount and the Rhode Island exemption amount as determined in this section.

11 (A) Tax imposed.

12 (1) There is hereby imposed on the taxable income of married individuals filing joint
13 returns and surviving spouses a tax determined in accordance with the following table:

14 If taxable income is:	The tax is:
15 Not over \$53,150	3.75% of taxable income
16 Over \$53,150 but not over \$128,500	\$1,993.13 plus 7.00% of the excess over \$53,150
17 Over \$128,500 but not over \$195,850	\$7,267.63 plus 7.75% of the excess over \$128,500
18 Over \$195,850 but not over \$349,700	\$12,487.25 plus 9.00% of the excess over \$195,850
19 Over \$349,700	\$26,333.75 plus 9.90% of the excess over \$349,700

20 (2) There is hereby imposed on the taxable income of every head of household a tax
21 determined in accordance with the following table:

22 If taxable income is:	The tax is:
23 Not over \$42,650	3.75% of taxable income
24 Over \$42,650 but not over \$110,100	\$1,599.38 plus 7.00% of the excess over \$42,650
25 Over \$110,100 but not over \$178,350	\$6,320.88 plus 7.75% of the excess over \$110,100
26 Over \$178,350 but not over \$349,700	\$11,610.25 plus 9.00% of the excess over \$178,350
27 Over \$349,700	\$27,031.75 plus 9.90% of the excess over \$349,700

28 (3) There is hereby imposed on the taxable income of unmarried individuals (other than
29 surviving spouses and heads of households) a tax determined in accordance with the following
30 table:

31 If taxable income is:	The tax is:
32 Not over \$31,850	3.75% of taxable income
33 Over \$31,850 but not over \$77,100	\$1,194.38 plus 7.00% of the excess over \$31,850
34 Over \$77,100 but not over \$160,850	\$4,361.88 plus 7.75% of the excess over \$77,100

1	Over \$160,850 but not over \$349,700	\$10,852.50 plus 9.00% of the excess over \$160,850
2	Over \$349,700	\$27,849.00 plus 9.90% of the excess over \$349,700

3 (4) There is hereby imposed on the taxable income of married individuals filing separate
4 returns and bankruptcy estates a tax determined in accordance with the following table:

5	If taxable income is:	The tax is:
6	Not over \$26,575	3.75% of taxable income
7	Over \$26,575 but not over \$64,250	\$996.56 plus 7.00% of the excess over \$26,575
8	Over \$64,250 but not over \$97,925	\$3,633.81 plus 7.75% of the excess over \$64,250
9	Over \$97,925 but not over \$174,850	\$6,243.63 plus 9.00% of the excess over \$97,925
10	Over \$174,850	\$13,166.88 plus 9.90% of the excess over \$174,850

11 (5) There is hereby imposed a taxable income of an estate or trust a tax determined in
12 accordance with the following table:

13	If taxable income is:	The tax is:
14	Not over \$2,150	3.75% of taxable income
15	Over \$2,150 but not over \$5,000	\$80.63 plus 7.00% of the excess over \$2,150
16	Over \$5,000 but not over \$7,650	\$280.13 plus 7.75% of the excess over \$5,000
17	Over \$7,650 but not over \$10,450	\$485.50 plus 9.00% of the excess over \$7,650
18	Over \$10,450	\$737.50 plus 9.90% of the excess over \$10,450

19 (6) Adjustments for inflation.

20 The dollars amount contained in paragraph (A) shall be increased by an amount equal to:

21 (a) Such dollar amount contained in paragraph (A) in the year 1993, multiplied by;

22 (b) The cost-of-living adjustment determined under section (J) with a base year of 1993;

23 (c) The cost-of-living adjustment referred to in subparagraphs (a) and (b) used in making
24 adjustments to the nine percent (9%) and nine and nine tenths percent (9.9%) dollar amounts shall
25 be determined under section (J) by substituting "1994" for "1993."

26 (B) Maximum capital gains rates.

27 (1) In general.

28 If a taxpayer has a net capital gain for tax years ending prior to January 1, 2010, the tax
29 imposed by this section for such taxable year shall not exceed the sum of:

30 (a) 2.5 % of the net capital gain as reported for federal income tax purposes under section
31 26 U.S.C. 1(h)(1)(a) and 26 U.S.C. 1(h)(1)(b).

32 (b) 5% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
33 1(h)(1)(c).

34 (c) 6.25% of the net capital gain as reported for federal income tax purposes under 26

1 U.S.C. 1(h)(1)(d).

2 (d) 7% of the net capital gain as reported for federal income tax purposes under 26 U.S.C.
3 1(h)(1)(e).

4 (2) For tax years beginning on or after January 1, 2010, the tax imposed on net capital gain
5 shall be determined under subdivision 44-30-2.6(c)(2)(A).

6 (C) Itemized deductions.

7 (1) In general.

8 For the purposes of section (2), "itemized deductions" means the amount of federal
9 itemized deductions as modified by the modifications in § 44-30-12.

10 (2) Individuals who do not itemize their deductions.

11 In the case of an individual who does not elect to itemize his deductions for the taxable
12 year, they may elect to take a standard deduction.

13 (3) Basic standard deduction.

14 The Rhode Island standard deduction shall be allowed in accordance with the following
15 table:

16 Filing status	Amount
17 Single	\$5,350
18 Married filing jointly or qualifying widow(er)	\$8,900
19 Married filing separately	\$4,450
20 Head of Household	\$7,850

21 (4) Additional standard deduction for the aged and blind.

22 An additional standard deduction shall be allowed for individuals age sixty-five (65) or
23 older or blind in the amount of \$1,300 for individuals who are not married and \$1,050 for
24 individuals who are married.

25 (5) Limitation on basic standard deduction in the case of certain dependents.

26 In the case of an individual to whom a deduction under section (E) is allowable to another
27 taxpayer, the basic standard deduction applicable to such individual shall not exceed the greater of:

28 (a) \$850;

29 (b) The sum of \$300 and such individual's earned income;

30 (6) Certain individuals not eligible for standard deduction.

31 In the case of:

32 (a) A married individual filing a separate return where either spouse itemizes deductions;

33 (b) Nonresident alien individual;

34 (c) An estate or trust;

1 The standard deduction shall be zero.

2 (7) Adjustments for inflation.

3 Each dollar amount contained in paragraphs (3), (4) and (5) shall be increased by an amount
4 equal to:

5 (a) Such dollar amount contained in paragraphs (3), (4) and (5) in the year 1988, multiplied
6 by

7 (b) The cost-of-living adjustment determined under section (J) with a base year of 1988.

8 (D) Overall limitation on itemized deductions.

9 (1) General rule.

10 In the case of an individual whose adjusted gross income as modified by § 44-30-12
11 exceeds the applicable amount, the amount of the itemized deductions otherwise allowable for the
12 taxable year shall be reduced by the lesser of:

13 (a) Three percent (3%) of the excess of adjusted gross income as modified by § 44-30-12
14 over the applicable amount; or

15 (b) Eighty percent (80%) of the amount of the itemized deductions otherwise allowable for
16 such taxable year.

17 (2) Applicable amount.

18 (a) In general.

19 For purposes of this section, the term "applicable amount" means \$156,400 (\$78,200 in the
20 case of a separate return by a married individual)

21 (b) Adjustments for inflation.

22 Each dollar amount contained in paragraph (a) shall be increased by an amount equal to:

23 (i) Such dollar amount contained in paragraph (a) in the year 1991, multiplied by

24 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.

25 (3) Phase-out of Limitation.

26 (a) In general.

27 In the case of taxable year beginning after December 31, 2005, and before January 1, 2010,
28 the reduction under section (1) shall be equal to the applicable fraction of the amount which would
29 be the amount of such reduction.

30 (b) Applicable fraction.

31 For purposes of paragraph (a), the applicable fraction shall be determined in accordance
32 with the following table:

33 For taxable years beginning in calendar year	The applicable fraction is
34 2006 and 2007	2/3

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(E) Exemption amount.

(1) In general.

Except as otherwise provided in this subsection, the term "exemption amount" means \$3,400.

(2) Exemption amount disallowed in case of certain dependents.

In the case of an individual with respect to whom a deduction under this section is allowable to another taxpayer for the same taxable year, the exemption amount applicable to such individual for such individual's taxable year shall be zero.

(3) Adjustments for inflation.

The dollar amount contained in paragraph (1) shall be increased by an amount equal to:

- (a) Such dollar amount contained in paragraph (1) in the year 1989, multiplied by
- (b) The cost-of-living adjustment determined under section (J) with a base year of 1989.

(4) Limitation.

(a) In general.

In the case of any taxpayer whose adjusted gross income as modified for the taxable year exceeds the threshold amount shall be reduced by the applicable percentage.

(b) Applicable percentage.

In the case of any taxpayer whose adjusted gross income for the taxable year exceeds the threshold amount, the exemption amount shall be reduced by two (2) percentage points for each \$2,500 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds the threshold amount. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the applicable percentage exceed one hundred percent (100%).

(c) Threshold Amount.

For the purposes of this paragraph, the term "threshold amount" shall be determined with the following table:

Filing status	Amount
Single	\$156,400
Married filing jointly of qualifying widow(er)	\$234,600
Married filing separately	\$117,300
Head of Household	\$195,500

(d) Adjustments for inflation.

Each dollar amount contained in paragraph (b) shall be increased by an amount equal to:

- 1 (i) Such dollar amount contained in paragraph (b) in the year 1991, multiplied by
 2 (ii) The cost-of-living adjustment determined under section (J) with a base year of 1991.
 3 (5) Phase-out of limitation.

4 (a) In general.

5 In the case of taxable years beginning after December 31, 2005, and before January 1,
 6 2010, the reduction under section 4 shall be equal to the applicable fraction of the amount which
 7 would be the amount of such reduction.

8 (b) Applicable fraction.

9 For the purposes of paragraph (a), the applicable fraction shall be determined in accordance
 10 with the following table:

11 For taxable years beginning in calendar year	The applicable fraction is
12 2006 and 2007	2/3
13 2008 and 2009	1/3

14 (F) Alternative minimum tax.

15 (1) General rule. There is hereby imposed (in addition to any other tax imposed by this
 16 subtitle) a tax equal to the excess (if any) of:

17 (a) The tentative minimum tax for the taxable year, over

18 (b) The regular tax for the taxable year.

19 (2) The tentative minimum tax for the taxable year is the sum of:

20 (a) 6.5 percent of so much of the taxable excess as does not exceed \$175,000, plus

21 (b) 7.0 percent of so much of the taxable excess above \$175,000.

22 (3) The amount determined under the preceding sentence shall be reduced by the alternative
 23 minimum tax foreign tax credit for the taxable year.

24 (4) Taxable excess. For the purposes of this subsection the term "taxable excess" means so
 25 much of the federal alternative minimum taxable income as modified by the modifications in § 44-
 26 30-12 as exceeds the exemption amount.

27 (5) In the case of a married individual filing a separate return, subparagraph (2) shall be
 28 applied by substituting "\$87,500" for \$175,000 each place it appears.

29 (6) Exemption amount.

30 For purposes of this section "exemption amount" means:

31 Filing status	Amount
32 Single	\$39,150
33 Married filing jointly or qualifying widow(er)	\$53,700
34 Married filing separately	\$26,850

1	Head of Household	\$39,150
2	Estate or trust	\$24,650

3 (7) Treatment of unearned income of minor children

4 (a) In general.

5 In the case of a minor child, the exemption amount for purposes of section (6) shall not
6 exceed the sum of:

7 (i) Such child's earned income, plus

8 (ii) \$6,000.

9 (8) Adjustments for inflation.

10 The dollar amount contained in paragraphs (6) and (7) shall be increased by an amount
11 equal to:

12 (a) Such dollar amount contained in paragraphs (6) and (7) in the year 2004, multiplied by

13 (b) The cost-of-living adjustment determined under section (J) with a base year of 2004.

14 (9) Phase-out.

15 (a) In general.

16 The exemption amount of any taxpayer shall be reduced (but not below zero) by an amount
17 equal to twenty-five percent (25%) of the amount by which alternative minimum taxable income
18 of the taxpayer exceeds the threshold amount.

19 (b) Threshold amount.

20 For purposes of this paragraph, the term "threshold amount" shall be determined with the
21 following table:

22	Filing status	Amount
23	Single	\$123,250
24	Married filing jointly or qualifying widow(er)	\$164,350
25	Married filing separately	\$82,175
26	Head of Household	\$123,250
27	Estate or Trust	\$82,150

28 (c) Adjustments for inflation

29 Each dollar amount contained in paragraph (9) shall be increased by an amount equal to:

30 (i) Such dollar amount contained in paragraph (9) in the year 2004, multiplied by

31 (ii) The cost-of-living adjustment determined under section (J) with a base year of 2004.

32 (G) Other Rhode Island taxes.

33 (1) General rule. There is hereby imposed (in addition to any other tax imposed by this
34 subtitle) a tax equal to twenty-five percent (25%) of:

- 1 (a) The Federal income tax on lump-sum distributions.
2 (b) The Federal income tax on parents' election to report child's interest and dividends.
3 (c) The recapture of Federal tax credits that were previously claimed on Rhode Island
4 return.

5 (H) Tax for children under 18 with investment income.

6 (1) General rule. There is hereby imposed a tax equal to twenty-five percent (25%) of:

7 (a) The Federal tax for children under the age of 18 with investment income.

8 (I) Averaging of farm income.

9 (1) General rule. At the election of an individual engaged in a farming business or fishing
10 business, the tax imposed in section 2 shall be equal to twenty-five percent (25%) of:

11 (a) The Federal averaging of farm income as determined in IRC section 1301 [26 U.S.C. §
12 1301].

13 (J) Cost-of-living adjustment.

14 (1) In general.

15 The cost-of-living adjustment for any calendar year is the percentage (if any) by which:

16 (a) The CPI for the preceding calendar year exceeds

17 (b) The CPI for the base year.

18 (2) CPI for any calendar year.

19 For purposes of paragraph (1), the CPI for any calendar year is the average of the consumer
20 price index as of the close of the twelve (12) month period ending on August 31 of such calendar
21 year.

22 (3) Consumer price index.

23 For purposes of paragraph (2), the term "consumer price index" means the last consumer
24 price index for all urban consumers published by the department of labor. For purposes of the
25 preceding sentence, the revision of the consumer price index that is most consistent with the
26 consumer price index for calendar year 1986 shall be used.

27 (4) Rounding.

28 (a) In general.

29 If any increase determined under paragraph (1) is not a multiple of \$50, such increase shall
30 be rounded to the next lowest multiple of \$50.

31 (b) In the case of a married individual filing a separate return, subparagraph (a) shall be
32 applied by substituting "\$25" for \$50 each place it appears.

33 (K) Credits against tax. For tax years beginning on or after January 1, 2001, a taxpayer
34 entitled to any of the following federal credits enacted prior to January 1, 1996 shall be entitled to

1 a credit against the Rhode Island tax imposed under this section:

2 (1) [Deleted by P.L. 2007, ch. 73, art. 7, § 5].

3 (2) Child and dependent care credit;

4 (3) General business credits;

5 (4) Credit for elderly or the disabled;

6 (5) Credit for prior year minimum tax;

7 (6) Mortgage interest credit;

8 (7) Empowerment zone employment credit;

9 (8) Qualified electric vehicle credit.

10 (L) Credit against tax for adoption. For tax years beginning on or after January 1, 2006, a
11 taxpayer entitled to the federal adoption credit shall be entitled to a credit against the Rhode Island
12 tax imposed under this section if the adopted child was under the care, custody, or supervision of
13 the Rhode Island department of children, youth and families prior to the adoption.

14 (M) The credit shall be twenty-five percent (25%) of the aforementioned federal credits
15 provided there shall be no deduction based on any federal credits enacted after January 1, 1996,
16 including the rate reduction credit provided by the federal Economic Growth and Tax
17 Reconciliation Act of 2001 (EGTRRA). In no event shall the tax imposed under this section be
18 reduced to less than zero. A taxpayer required to recapture any of the above credits for federal tax
19 purposes shall determine the Rhode Island amount to be recaptured in the same manner as
20 prescribed in this subsection.

21 (N) Rhode Island earned-income credit .

22 (1) In general.

23 For tax years beginning before January 1, 2015, a taxpayer entitled to a federal earned-
24 income credit shall be allowed a Rhode Island earned-income credit equal to twenty-five percent
25 (25%) of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode
26 Island income tax.

27 For tax years beginning on or after January 1, 2015, and before January 1, 2016, a taxpayer
28 entitled to a federal earned-income credit shall be allowed a Rhode Island earned-income credit
29 equal to ten percent (10%) of the federal earned-income credit. Such credit shall not exceed the
30 amount of the Rhode Island income tax.

31 For tax years beginning on or after January 1, 2016, a taxpayer entitled to a federal earned-
32 income credit shall be allowed a Rhode Island earned-income credit equal to twelve and one-half
33 percent (12.5%) of the federal earned-income credit. Such credit shall not exceed the amount of the
34 Rhode Island income tax.

1 For tax years beginning on or after January 1, 2017, a taxpayer entitled to a federal earned-
2 income credit shall be allowed a Rhode Island earned-income credit equal to fifteen percent (15%)
3 of the federal earned-income credit. Such credit shall not exceed the amount of the Rhode Island
4 income tax.

5 (2) Refundable portion.

6 In the event the Rhode Island earned-income credit allowed under paragraph (N)(1) of this
7 section exceeds the amount of Rhode Island income tax, a refundable earned-income credit shall
8 be allowed as follows.

9 (i) For tax years beginning before January 1, 2015, for purposes of paragraph (2) refundable
10 earned-income credit means fifteen percent (15%) of the amount by which the Rhode Island earned-
11 income credit exceeds the Rhode Island income tax.

12 (ii) For tax years beginning on or after January 1, 2015, for purposes of paragraph (2)
13 refundable earned-income credit means one hundred percent (100%) of the amount by which the
14 Rhode Island earned-income credit exceeds the Rhode Island income tax.

15 (O) The tax administrator shall recalculate and submit necessary revisions to paragraphs
16 (A) through (J) to the general assembly no later than February 1, 2010 and every three (3) years
17 thereafter for inclusion in the statute.

18 (3) For the period January 1, 2011 through December 31, 2011, and thereafter, "Rhode
19 Island taxable income" means federal adjusted gross income as determined under the Internal
20 Revenue Code, 26 U.S.C. 1 et seq., and as modified for Rhode Island purposes pursuant to § 44-
21 30-12 less the amount of Rhode Island Basic Standard Deduction allowed pursuant to subparagraph
22 44-30-2.6(c)(3)(B), and less the amount of personal exemption allowed pursuant to subparagraph
23 44-30-2.6(c)(3)(C).

24 (A) Tax imposed.

25 (I) There is hereby imposed on the taxable income of married individuals filing joint
26 returns, qualifying widow(er), every head of household, unmarried individuals, married individuals
27 filing separate returns and bankruptcy estates, a tax determined in accordance with the following
28 table:

RI Taxable Income		RI Income Tax	
Over	But not over	Pay +% on Excess	on the amount over
30 \$0 -	\$ 55,000	\$ 0 + 3.75%	\$0
31 55,000 -	125,000	2,063 + 4.75%	55,000
32 125,000 -		5,388 + 5.99%	125,000

34 (II) There is hereby imposed on the taxable income of an estate or trust a tax determined

1 in accordance with the following table:

2 RI Taxable Income		3 RI Income Tax	
4 Over	5 But not over	6 Pay + % on Excess	7 on the amount over
8 \$0 -	9 \$ 2,230	10 \$ 0 + 3.75%	11 \$0
12 2,230 -	13 7,022	14 84 + 4.75%	15 2,230
16 7,022 -		17 312 + 5.99%	18 7,022

19 (B) Deductions:

20 (I) Rhode Island Basic Standard Deduction. Only the Rhode Island standard deduction
21 shall be allowed in accordance with the following table:

22 Filing status:	23 Amount
24 Single	25 \$7,500
26 Married filing jointly or qualifying widow(er)	27 \$15,000
28 Married filing separately	29 \$7,500
30 Head of Household	31 \$11,250

32 (II) Nonresident alien individuals, estates and trusts are not eligible for standard
33 deductions.

34 (III) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island
purposes pursuant to § 44-30-12, for the taxable year exceeds one hundred seventy-five thousand
dollars (\$175,000), the standard deduction amount shall be reduced by the applicable percentage.
The term "applicable percentage" means twenty (20) percentage points for each five thousand
dollars (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable
year exceeds one hundred seventy-five thousand dollars (\$175,000).

(C) Exemption Amount:

(I) The term "exemption amount" means three thousand five hundred dollars (\$3,500)
multiplied by the number of exemptions allowed for the taxable year for federal income tax
purposes.

(II) Exemption amount disallowed in case of certain dependents. In the case of an
individual with respect to whom a deduction under this section is allowable to another taxpayer for
the same taxable year, the exemption amount applicable to such individual for such individual's
taxable year shall be zero.

(D) In the case of any taxpayer whose adjusted gross income, as modified for Rhode Island
purposes pursuant to § 33-30-12, for the taxable year exceeds one hundred seventy-five thousand
dollars (\$175,000), the exemption amount shall be reduced by the applicable percentage. The term
"applicable percentage" means twenty (20) percentage points for each five thousand dollars

1 (\$5,000) (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year
2 exceeds one hundred seventy-five thousand dollars (\$175,000).

3 (E) Adjustment for inflation. The dollar amount contained in subparagraphs 44-30-
4 2.6(c)(3)(A), 44-30-2.6(c)(3)(B) and 44-30-2.6(c)(3)(C) shall be increased annually by an amount
5 equal to:

6 (I) Such dollar amount contained in subparagraphs 44-30-2.6(c)(3)(A), 44-30-2.6(c)(3)(B)
7 and 44-30-2.6(c)(3)(C) adjusted for inflation using a base tax year of 2000, multiplied by;

8 (II) The cost-of-living adjustment with a base year of 2000.

9 (III) For the purposes of this section, the cost-of-living adjustment for any calendar year is
10 the percentage (if any) by which the consumer price index for the preceding calendar year exceeds
11 the consumer price index for the base year. The consumer price index for any calendar year is the
12 average of the consumer price index as of the close of the twelve-month (12) period ending on
13 August 31, of such calendar year.

14 (IV) For the purpose of this section the term "consumer price index" means the last
15 consumer price index for all urban consumers published by the department of labor. For the purpose
16 of this section the revision of the consumer price index that is most consistent with the consumer
17 price index for calendar year 1986 shall be used.

18 (V) If any increase determined under this section is not a multiple of fifty dollars (\$50.00),
19 such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a
20 married individual filing separate return, if any increase determined under this section is not a
21 multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple
22 of twenty-five dollars (\$25.00).

23 (F) Credits against tax.

24 (I) Notwithstanding any other provisions of Rhode Island Law, for tax years beginning on
25 or after January 1, 2011, the only credits allowed against a tax imposed under this chapter shall be
26 as follows:

27 (a) Rhode Island earned-income credit: Credit shall be allowed for earned-income credit
28 pursuant to subparagraph 44-30-2.6(c)(2)(N).

29 (b) Property Tax Relief Credit: Credit shall be allowed for property tax relief as provided
30 in § 44-33-1 et seq.

31 (c) Lead Paint Credit: Credit shall be allowed for residential lead abatement income tax
32 credit as provided in § 44-30.3-1 et seq.

33 (d) Credit for income taxes of other states. Credit shall be allowed for income tax paid to
34 other states pursuant to § 44-30-74.

1 (e) Historic Structures Tax Credit: Credit shall be allowed for historic structures tax credit
2 as provided in § 44-33.2-1 et seq.

3 (f) Motion Picture Productions Tax Credit: Credit shall be allowed for motion picture
4 production tax credit as provided in § 44-31.2-1 et seq.

5 (g) Child and Dependent Care: Credit shall be allowed for twenty-five percent (25%) of
6 the federal child and dependent care credit allowable for the taxable year for federal purposes;
7 provided, however, such credit shall not exceed the Rhode Island tax liability.

8 (h) Tax credits for contributions to Scholarship Organizations: Credit shall be allowed for
9 contributions to scholarship organizations as provided in chapter 62 of title 44.

10 (i) Credit for tax withheld. Wages upon which tax is required to be withheld shall be taxable
11 as if no withholding were required, but any amount of Rhode Island personal income tax actually
12 deducted and withheld in any calendar year shall be deemed to have been paid to the tax
13 administrator on behalf of the person from whom withheld, and the person shall be credited with
14 having paid that amount of tax for the taxable year beginning in that calendar year. For a taxable
15 year of less than twelve (12) months, the credit shall be made under regulations of the tax
16 administrator.

17 (j) Stay Invested in RI Wavemaker Fellowship: Credit shall be allowed for stay invested in
18 RI wavemaker fellowship program as provided in § 42-64.26-1 et seq.

19 (k) Rebuild Rhode Island: Credit shall be allowed for rebuild RI tax credit as provided in
20 § 42-64.20-1 et seq.

21 (l) Rhode Island Qualified Jobs Incentive Program: Credit shall be allowed for Rhode
22 Island new qualified jobs incentive program credit as provided in § 44-48.3-1 et seq.

23 (m) Historic homeownership assistance act: Effective for tax year 2017 and thereafter,
24 unused carryforward for such credit previously issued shall be allowed for the historic
25 homeownership assistance act as provided in §44-33.1-4. This allowance is for credits already
26 issued pursuant to §44-33.1-4 and shall not be construed to authorize the issuance of new credits
27 under the historic homeownership assistance act.

28 (2) Except as provided in section 1 above, no other state and federal tax credit shall be
29 available to the taxpayers in computing tax liability under this chapter.

30 SECTION 20. Sections 12 and 13 of this article shall take effect on August 1, 2017. The
31 remainder of this article shall take effect on July 1, 2017, except as otherwise provided herein.

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ARTICLE 9 AS AMENDED

RELATING TO HEALTH AND HUMAN SERVICES

SECTION 1. Section 40-5.2-20 of the General Laws in Chapter 40-5.2 entitled "The Rhode Island Works Program" is hereby amended to read as follows:

40-5.2-20. Child-care assistance.

Families or assistance units eligible for child-care assistance.

(a) The department shall provide appropriate child care to every participant who is eligible for cash assistance and who requires child care in order to meet the work requirements in accordance with this chapter.

(b) Low-Income child care. The department shall provide child care to all other working families with incomes at or below one hundred eighty percent (180%) of the federal poverty level if, and to the extent, such other families require child care in order to work at paid employment as defined in the department's rules and regulations. Beginning October 1, 2013, the department shall also provide child care to families with incomes below one hundred eighty percent (180%) of the federal poverty level if, and to the extent, such families require child care to participate on a short-term basis, as defined in the department's rules and regulations, in training, apprenticeship, internship, on-the-job training, work experience, work immersion, or other job-readiness/job-attachment program sponsored or funded by the human resource investment council (governor's workforce board) or state agencies that are part of the coordinated program system pursuant to § 42-102-11.

(c) No family/assistance unit shall be eligible for child-care assistance under this chapter if the combined value of its liquid resources exceeds ten thousand dollars (\$10,000). Liquid resources are defined as any interest(s) in property in the form of cash or other financial instruments or accounts that are readily convertible to cash or cash equivalents. These include, but are not limited to, cash, bank, credit union, or other financial institution savings, checking, and money market accounts; certificates of deposit or other time deposits; stocks; bonds; mutual funds; and other similar financial instruments or accounts. These do not include educational savings accounts, plans, or programs; retirement accounts, plans, or programs; or accounts held jointly with another adult, not including a spouse. The department is authorized to promulgate rules and regulations to determine the ownership and source of the funds in the joint account.

1 (d) As a condition of eligibility for child-care assistance under this chapter, the parent or
2 caretaker relative of the family must consent to, and must cooperate with, the department in
3 establishing paternity, and in establishing and/or enforcing child support and medical support
4 orders for all children in the family in accordance with title 15, as amended, unless the parent or
5 caretaker relative is found to have good cause for refusing to comply with the requirements of this
6 subsection.

7 (e) For purposes of this section, "appropriate child care" means child care, including infant,
8 toddler, pre-school, nursery school, school-age, that is provided by a person or organization
9 qualified, approved, and authorized to provide such care by the department of children, youth and
10 families, or by the department of elementary and secondary education, or such other lawful
11 providers as determined by the department of human services, in cooperation with the department
12 of children, youth and families and the department of elementary and secondary education.

13 (f) (1) Families with incomes below one hundred percent (100%) of the applicable federal
14 poverty level guidelines shall be provided with free child care. Families with incomes greater than
15 one hundred percent (100%) and less than one hundred eighty percent (180%) of the applicable
16 federal poverty guideline shall be required to pay for some portion of the child care they receive,
17 according to a sliding-fee scale adopted by the department in the department's rules.

18 (2) Families who are receiving child-care assistance and who become ineligible for child-
19 care assistance as a result of their incomes exceeding one hundred eighty percent (180%) of the
20 applicable federal poverty guidelines shall continue to be eligible for child-care assistance ~~from~~
21 ~~October 1, 2013, to September 30, 2017, or~~ until their incomes exceed two hundred twenty-five
22 percent (225%) of the applicable federal poverty guidelines, ~~whichever occurs first~~. To be eligible,
23 such families must continue to pay for some portion of the child care they receive, as indicated in
24 a sliding-fee scale adopted in the department's rules and in accordance with all other eligibility
25 standards.

26 (g) In determining the type of child care to be provided to a family, the department shall
27 take into account the cost of available child-care options; the suitability of the type of care available
28 for the child; and the parent's preference as to the type of child care.

29 (h) For purposes of this section, "income" for families receiving cash assistance under §
30 40-5.2-11 means gross, earned income and unearned income, subject to the income exclusions in
31 §§ 40-5.2-10(g)(2) and 40-5.2-10(g)(3), and income for other families shall mean gross, earned and
32 unearned income as determined by departmental regulations.

33 (i) The caseload estimating conference established by chapter 17 of title 35 shall forecast
34 the expenditures for child care in accordance with the provisions of § 35-17-1.

1 (j) In determining eligibility for child-care assistance for children of members of reserve
2 components called to active duty during a time of conflict, the department shall freeze the family
3 composition and the family income of the reserve component member as it was in the month prior
4 to the month of leaving for active duty. This shall continue until the individual is officially
5 discharged from active duty.

6 SECTION 2. Sections 40-8-19 and 40-8-26 of the General Laws in Chapter 40-8 entitled
7 "Medical Assistance" are hereby amended to read as follows:

8 **40-8-19. Rates of payment to nursing facilities.**

9 (a) Rate reform. (1) The rates to be paid by the state to nursing facilities licensed pursuant
10 to chapter 17 of title 23, and certified to participate in the Title XIX Medicaid program for services
11 rendered to Medicaid-eligible residents, shall be reasonable and adequate to meet the costs that
12 must be incurred by efficiently and economically operated facilities in accordance with 42 U.S.C.
13 §1396a(a)(13). The executive office of health and human services ("executive office") shall
14 promulgate or modify the principles of reimbursement for nursing facilities in effect as of July 1,
15 2011 to be consistent with the provisions of this section and Title XIX, 42 U.S.C. 1396 et seq., of
16 the Social Security Act.

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

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

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

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

27 (iv) Application of a fair rental value system;

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

29 (vi) Adjustment of rates by the change in a recognized national nursing home inflation
30 index to be applied on October 1st of each year, beginning October 1, 2012. This adjustment will
31 not occur on October 1, 2013 or October 1, 2015, but will occur on April 1, 2015. [The adjustment](#)
32 [of rates will also not occur on October 1, 2017.](#) Said inflation index shall be applied without regard
33 for the transition factor in subsection (b)(2) below. For purposes of October 1, 2016, adjustment
34 only, any rate increase that results from application of the inflation index to subparagraphs (a)(2)(i)

1 and (a)(2)(ii) shall be dedicated to increase compensation for direct-care workers in the following
2 manner: Not less than 85% of this aggregate amount shall be expended to fund an increase in wages,
3 benefits, or related employer costs of direct-care staff of nursing homes. For purposes of this
4 section, direct-care staff shall include registered nurses (RNs), licensed practical nurses (LPNs),
5 certified nursing assistants (CNAs), certified medical technicians, housekeeping staff, laundry staff,
6 dietary staff, or other similar employees providing direct care services; provided, however, that this
7 definition of direct-care staff shall not include: (i) RNs and LPNs who are classified as "exempt
8 employees" under the Federal Fair Labor Standards Act (29 U.S.C. 201 et seq.); or (ii) CNAs,
9 certified medical technicians, RNs, or LPNs who are contracted, or subcontracted, through a third-
10 party vendor or staffing agency. By July 31, 2017, nursing facilities shall submit to the secretary,
11 or designee, a certification that they have complied with the provisions of this subparagraph
12 (a)(2)(vi) with respect to the inflation index applied on October 1, 2016. Any facility that does not
13 comply with terms of such certification shall be subjected to a clawback, paid by the nursing facility
14 to the state, in the amount of increased reimbursement subject to this provision that was not
15 expended in compliance with that certification.

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

21 (1) No nursing facility shall receive reimbursement for direct-care costs that is less than
22 the rate of reimbursement for direct-care costs received under the methodology in effect at the time
23 of passage of this act; for the year beginning October 1, 2017, the reimbursement for direct-care
24 costs under this provision will be phased out in twenty-five-percent (25%) increments each year
25 until October 1, 2021, when the reimbursement will no longer be in effect. No nursing facility shall
26 receive reimbursement for direct care costs that is less than the rate of reimbursement for direct
27 care costs received under the methodology in effect at the time of passage of this act; and

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

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

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

4 **40-8-26. Community health centers.**

5 (a) For the purposes of this section the term community health centers refers to federally
6 qualified health centers and rural health centers.

7 (b) To support the ability of community health centers to provide high quality medical care
8 to patients, the ~~department of human services~~ executive office of health and human services
9 ("executive office") shall adopt and implement a methodology for determining a Medicaid per visit
10 reimbursement for community health centers which is compliant with the prospective payment
11 system provided for in the Medicare, Medicaid and SCHIP Benefits Improvement and Protection
12 Act of 2001. The following principles are to assure that the prospective payment rate determination
13 methodology is part of the ~~department of human services'~~ executive office overall value purchasing
14 approach.

15 (c) The rate determination methodology will (i) fairly recognize the reasonable costs of
16 providing services. Recognized reasonable costs will be those appropriate for the organization,
17 management and direct provision of services and (ii) provide assurances to the ~~department of~~
18 ~~human services~~ executive office that services are provided in an effective and efficient manner,
19 consistent with industry standards. Except for demonstrated cause and at the discretion of the
20 ~~department of human services~~ executive office, the maximum reimbursement rate for a service (e.g.
21 medical, dental) provided by an individual community health center shall not exceed one hundred
22 twenty-five percent (125%) of the median rate for all community health centers within Rhode
23 Island.

24 (d) Community health centers will cooperate fully and timely with reporting requirements
25 established by the ~~department~~ executive office.

26 (e) Reimbursement rates established through this methodology shall be incorporated into
27 the PPS reconciliation for services provided to Medicaid eligible persons who are enrolled in a
28 health plan on the date of service. Monthly payments by ~~DHS~~ the executive office related to PPS
29 for persons enrolled in a health plan shall be made directly to the community health centers.

30 (f) Reimbursement rates established through this methodology shall be incorporated into
31 ~~the PPS reconciliation for services provided to Medicaid eligible persons who are enrolled in a~~
32 ~~health plan on the date of service. Monthly payments by DHS related to PPS for persons enrolled~~
33 ~~in a health plan shall be made directly to the community health centers~~ actuarially certified
34 capitation rates paid to a health plan. The health plan shall be responsible for paying the full amount

1 [of the reimbursement rate to the community health center for each service eligible for](#)
2 [reimbursement under the Medicare, Medicaid and SCHIP Benefits Improvement and Protection](#)
3 [Act of 2001. If the health plan has an alternative payment arrangement with the community health](#)
4 [center the health plan may establish a PPS reconciliation process for eligible services and make](#)
5 [monthly payments related to PPS for person enrolled in the health plan on the date of service. The](#)
6 [executive office will review, at least annually, the Medicaid reimbursement rates and reconciliation](#)
7 [methodology used by the health plans for community health centers to ensure payments to each are](#)
8 [made in compliance with the Medicare, Medicaid and SCHIP Benefits Improvement and Protection](#)
9 [Act of 2001.](#)

10 SECTION 3. Sections 40-8.3-2, 40-8.3-3 and 40-8.3-10 of the General Laws in Chapter
11 40-8.3 entitled "Uncompensated Care" are hereby amended to read as follows:

12 **40-8.3-2. Definitions.**

13 As used in this chapter:

14 (1) "Base year" means, for the purpose of calculating a disproportionate share payment for
15 any fiscal year ending after September 30, ~~2015~~ [2016](#), the period from October 1, ~~2013~~ [2014](#),
16 through September 30, ~~2014~~ [2015](#), and for any fiscal year ending after September 30, ~~2016~~ [2017](#),
17 the period from October 1, ~~2014~~ [2015](#), through September 30, ~~2015~~ [2016](#).

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

22 (3) "Participating hospital" means any nongovernment and non-psychiatric hospital that:

23 (i) Was licensed as a hospital in accordance with chapter 17 of title 23 during the base year
24 and shall mean the actual facilities and buildings in existence in Rhode Island, licensed pursuant to
25 23-17-1 et seq. on June 30, 2010, and thereafter any premises included on that license, regardless
26 of changes in licensure status pursuant to chapter 17.14 of title 23 (hospital conversions) and 23-
27 17-6(b) (change in effective control), that provides short-term acute inpatient and/or outpatient care
28 to persons who require definitive diagnosis and treatment for injury, illness, disabilities, or
29 pregnancy. Notwithstanding the preceding language, the negotiated Medicaid managed care
30 payment rates for a court-approved purchaser that acquires a hospital through receivership, special
31 mastership, or other similar state insolvency proceedings (which court-approved purchaser is issued
32 a hospital license after January 1, 2013) shall be based upon the newly negotiated rates between
33 the court-approved purchaser and the health plan, and such rates shall be effective as of the date
34 that the court-approved purchaser and the health plan execute the initial agreement containing the

1 newly negotiated rate. The rate-setting methodology for inpatient hospital payments and outpatient
2 hospital payments set forth in §40-8-13.4(b)(1)(ii)(C) and 40-8-13.4(b)(2), respectively, shall
3 thereafter apply to negotiated increases for each annual twelve-month (12) period as of July 1
4 following the completion of the first full year of the court-approved purchaser's initial Medicaid
5 managed care contract.

6 (ii) Achieved a medical assistance inpatient utilization rate of at least one percent (1%)
7 during the base year; and

8 (iii) Continues to be licensed as a hospital in accordance with chapter 17 of title 23 during
9 the payment year.

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

17 (5) "Uncompensated-care index" means the annual percentage increase for hospitals
18 established pursuant to 27-19-14 for each year after the base year, up to and including the payment
19 year, provided, however, that the uncompensated-care index for the payment year ending
20 September 30, 2007, shall be deemed to be five and thirty-eight hundredths percent (5.38%), and
21 that the uncompensated-care index for the payment year ending September 30, 2008, shall be
22 deemed to be five and forty-seven hundredths percent (5.47%), and that the uncompensated-care
23 index for the payment year ending September 30, 2009, shall be deemed to be five and thirty-eight
24 hundredths percent (5.38%), and that the uncompensated-care index for the payment years ending
25 September 30, 2010, September 30, 2011, September 30, 2012, September 30, 2013, September
26 30, 2014, September 30, 2015, September 30, 2016, ~~and~~ September 30, 2017, [and September 30,](#)
27 [2018](#), shall be deemed to be five and thirty hundredths percent (5.30%).

28 **40-8.3-3. Implementation.**

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

33 ~~(1) That the DSH Plan to all participating hospitals, not to exceed an aggregate limit of~~
34 ~~\$140.0 million, shall be allocated by the executive office of health and human services to the Pool~~

1 ~~A, Pool C, and Pool D components of the DSH Plan; and~~

2 ~~(2) That the Pool D allotment shall be distributed among the participating hospitals in direct~~
3 ~~proportion to the individual participating hospital's uncompensated care costs for the base year,~~
4 ~~inflated by the uncompensated care index to the total uncompensated care costs for the base year~~
5 ~~inflated by uncompensated care index for all participating hospitals. The DSH Plan payments shall~~
6 ~~be made on or before July 13, 2015, and are expressly conditioned upon approval on or before July~~
7 ~~6, 2015, by the Secretary of the U.S. Department of Health and Human Services, or his or her~~
8 ~~authorized representative, of all Medicaid state plan amendments necessary to secure for the state~~
9 ~~the benefit of federal financial participation in federal fiscal year 2015 for the disproportionate~~
10 ~~share payments.~~

11 ~~(b)~~(a) For federal fiscal year 2016, commencing on October 1, 2015, and ending September
12 30, 2016, the executive office of health and human services shall submit to the Secretary of the
13 U.S. Department of Health and Human Services a state plan amendment to the Rhode Island
14 Medicaid DSH Plan to provide:

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

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

26 ~~(b)~~(b) For federal fiscal year 2017, commencing on October 1, 2016, and ending September
27 30, 2017, the executive office of health and human services shall submit to the Secretary of the
28 U.S. Department of Health and Human Services a state plan amendment to the Rhode Island
29 Medicaid DSH Plan to provide:

30 (1) That the DSH Plan to all participating hospitals, not to exceed an aggregate limit of
31 \$139.7 million, shall be allocated by the executive office of health and human services to the Pool
32 D component of the DSH Plan; and,

33 (2) That the Pool D allotment shall be distributed among the participating hospitals in direct
34 proportion to the individual, participating hospital's uncompensated-care costs for the base year,

1 inflated by the uncompensated-care index to the total uncompensated-care costs for the base year
2 inflated by uncompensated-care index for all participating hospitals. The disproportionate-share
3 payments shall be made on or before July 11, 2017, and are expressly conditioned upon approval
4 on or before July 5, 2017, by the Secretary of the U.S. Department of Health and Human Services,
5 or his or her authorized representative, of all Medicaid state plan amendments necessary to secure
6 for the state the benefit of federal financial participation in federal fiscal year 2017 for the
7 disproportionate share payments.

8 (c) For federal fiscal year 2018, commencing on October 1, 2017 and ending September
9 30, 2018, the executive office of health and human services shall submit to the Secretary of the
10 U.S. Department of Health and Human Services a state plan amendment to the Rhode Island
11 Medicaid DSH Plan to provide:

12 (1) That the DSH Plan to all participating hospitals, not to exceed an aggregate limit of
13 \$138.6 million, shall be allocated by the executive office of health and human services to Pool D
14 component of the DSH Plan; and,

15 (2) That the Pool D allotment shall be distributed among the participating hospitals in direct
16 proportion to the individual participating hospital's uncompensated care costs for the base year,
17 inflated by the uncompensated care index to the total uncompensated care costs for the base year
18 inflated by uncompensated care index for all participating hospitals. The disproportionate share
19 payments shall be made on or before July 10, 2018 and are expressly conditioned upon approval
20 on or before July 5, 2018 by the Secretary of the U.S. Department of Health and Human Services,
21 or his or her authorized representative, of all Medicaid state plan amendments necessary to secure
22 for the state the benefit of federal financial participation in federal fiscal year 2018 for the
23 disproportionate share payments.

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

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

30 (f) Beginning with federal FY 2016, Pool D DSH payments will be recalculated by the
31 state based on actual hospital experience. The final Pool D payments will be based on the data from
32 the final DSH audit for each federal fiscal year. Pool D DSH payments will be redistributed among
33 the qualifying hospitals in direct proportion to the individual, qualifying hospital's uncompensated-
34 care to the total uncompensated-care costs for all qualifying hospitals as determined by the DSH

1 audit. No hospital will receive an allocation that would incur funds received in excess of audited
2 uncompensated-care costs.

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

5 **40-8-13.4. Rate methodology for payment for in state and out of state hospital**
6 **services.**

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

10 (b) In order to improve efficiency and cost effectiveness, the executive office shall:

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

23 (ii) With respect to inpatient services, (A) It is required as of January 1, 2011 until
24 December 31, 2011, that the Medicaid managed care payment rates between each hospital and
25 health plan shall not exceed ninety and one tenth percent (90.1%) of the rate in effect as of June 30,
26 2010. ~~Negotiated increases~~ Increases in inpatient hospital payments for each annual twelve-month
27 (12) period beginning January 1, 2012 may not exceed the Centers for Medicare and Medicaid
28 Services national CMS Prospective Payment System (IPPS) Hospital Input Price index for the
29 applicable period; (B) Provided, however, for the twenty-four-month (24) period beginning July 1,
30 2013, the Medicaid managed care payment rates between each hospital and health plan shall not
31 exceed the payment rates in effect as of January 1, 2013, and for the twelve-month (12) period
32 beginning July 1, 2015, the Medicaid managed-care payment inpatient rates between each hospital
33 and health plan shall not exceed ninety-seven and one-half percent (97.5%) of the payment rates in
34 effect as of January 1, 2013; (C) ~~Negotiated increases~~ Increases in inpatient hospital payments for

1 each annual twelve-month (12) period beginning ~~July 1, 2016~~ July 1, 2017, ~~may not exceed~~ shall
2 be the Centers for Medicare and Medicaid Services national CMS Prospective Payment System
3 (IPPS) Hospital Input Price Index, less Productivity Adjustment, for the applicable period and shall
4 be paid to each hospital retroactively to July 1; (D) The executive office will develop an audit
5 methodology and process to assure that savings associated with the payment reductions will accrue
6 directly to the Rhode Island Medicaid program through reduced managed-care-plan payments and
7 shall not be retained by the managed-care plans; (E) All hospitals licensed in Rhode Island shall
8 accept such payment rates as payment in full; and (F) For all such hospitals, compliance with the
9 provisions of this section shall be a condition of participation in the Rhode Island Medicaid
10 program.

11 (2) With respect to outpatient services and notwithstanding any provisions of the law to the
12 contrary, for persons enrolled in fee-for-service Medicaid, the executive office will reimburse
13 hospitals for outpatient services using a rate methodology determined by the executive office and
14 in accordance with federal regulations. Fee-for-service outpatient rates shall align with Medicare
15 payments for similar services. Notwithstanding the above, there shall be no increase in the
16 Medicaid fee-for-service outpatient rates effective on July 1, 2013, July 1, 2014, or July 1, 2015.
17 For the twelve-month (12) period beginning July 1, 2015, Medicaid fee-for-service outpatient rates
18 shall not exceed ninety-seven and one-half percent (97.5%) of the rates in effect as of July 1, 2014.
19 ~~Thereafter, increases~~ Increases in the outpatient hospital payments for ~~each annual~~ the twelve-
20 month (12) period beginning July 1, 2016, may not exceed the CMS national Outpatient
21 Prospective Payment System (OPPS) Hospital Input Price Index ~~for the applicable period~~. With
22 respect to the outpatient rate, (i) It is required as of January 1, 2011, until December 31, 2011, that
23 the Medicaid managed-care payment rates between each hospital and health plan shall not exceed
24 one hundred percent (100%) of the rate in effect as of June 30, 2010; (ii) ~~Negotiated increases~~
25 Increases in hospital outpatient payments for each annual twelve-month (12) period beginning
26 January 1, 2012 until July 1, 2017, may not exceed the Centers for Medicare and Medicaid Services
27 national CMS Outpatient Prospective Payment System OPSS hospital price index for the applicable
28 period; (iii) Provided, however, for the twenty-four-month (24) period beginning July 1, 2013, the
29 Medicaid managed-care outpatient payment rates between each hospital and health plan shall not
30 exceed the payment rates in effect as of January 1, 2013, and for the twelve-month (12) period
31 beginning July 1, 2015, the Medicaid managed-care outpatient payment rates between each hospital
32 and health plan shall not exceed ninety-seven and one-half percent (97.5%) of the payment rates in
33 effect as of January 1, 2013; (iv) ~~negotiated increases~~ Increases in outpatient hospital payments for
34 each annual twelve-month (12) period beginning ~~July 1, 2016~~ July 1, 2017, ~~may not exceed~~ shall

1 be the Centers for Medicare and Medicaid Services national CMS OPPS Hospital Input Price Index,
2 less Productivity Adjustment, for the applicable period and shall be paid to each hospital
3 retroactively to July 1 .

4 (3) "Hospital", as used in this section, shall mean the actual facilities and buildings in
5 existence in Rhode Island, licensed pursuant to § 23-17-1 et seq. on June 30, 2010, and thereafter
6 any premises included on that license, regardless of changes in licensure status pursuant to chapter
7 17.14 of title 23 (hospital conversions) and § 23-17-6(b) (change in effective control), that provides
8 short-term, acute inpatient and/or outpatient care to persons who require definitive diagnosis and
9 treatment for injury, illness, disabilities, or pregnancy. Notwithstanding the preceding language,
10 the ~~negotiated~~ Medicaid managed care payment rates for a court-approved purchaser that acquires
11 a hospital through receivership, special mastership or other similar state insolvency proceedings
12 (which court-approved purchaser is issued a hospital license after January 1, 2013) shall be based
13 upon the ~~newly-negotiated~~ new rates between the court-approved purchaser and the health plan,
14 and such rates shall be effective as of the date that the court-approved purchaser and the health plan
15 execute the initial agreement containing the ~~newly-negotiated rate~~ new rates. The rate-setting
16 methodology for inpatient-hospital payments and outpatient-hospital payments set forth in
17 subdivisions (b)(1)(ii)(C) and (b)(2), respectively, shall thereafter apply to ~~negotiated~~ increases for
18 each annual twelve-month (12) period as of July 1 following the completion of the first full year of
19 the court-approved purchaser's initial Medicaid managed care contract.

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

23 (d) The secretary of the executive office is hereby authorized to promulgate such rules and
24 regulations consistent with this chapter, and to establish fiscal procedures he or she deems
25 necessary, for the proper implementation and administration of this chapter in order to provide
26 payment to hospitals using the DRG-payment methodology. Furthermore, amendment of the Rhode
27 Island state plan for Medicaid, pursuant to Title XIX of the federal Social Security Act, is hereby
28 authorized to provide for payment to hospitals for services provided to eligible recipients in
29 accordance with this chapter.

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

32 (f) As a condition of participation in the DRG methodology for payment of hospital
33 services, every hospital shall submit year-end settlement reports to the executive office within one
34 year from the close of a hospital's fiscal year. Should a participating hospital fail to timely submit

1 a year-end settlement report as required by this section, the executive office shall withhold
2 financial-cycle payments due by any state agency with respect to this hospital by not more than ten
3 percent (10%) until said report is submitted. For hospital fiscal year 2010 and all subsequent fiscal
4 years, hospitals will not be required to submit year-end settlement reports on payments for
5 outpatient services. For hospital fiscal year 2011 and all subsequent fiscal years, hospitals will not
6 be required to submit year-end settlement reports on claims for hospital inpatient services. Further,
7 for hospital fiscal year 2010, hospital inpatient claims subject to settlement shall include only those
8 claims received between October 1, 2009, and June 30, 2010.

9 (g) The provisions of this section shall be effective upon implementation of the new
10 payment methodology set forth in this section and § 40-8-13.3, which shall in any event be no later
11 than March 30, 2010, at which time the provisions of §§ 40-8-13.2, 27-19-14, 27-19-15, and 27-
12 19-16 shall be repealed in their entirety.

13 SECTION 5. Section 40-8.9-9 of the General Laws in Chapter 40-8.9 entitled "Medical
14 Assistance - Long-Term Care Service and Finance Reform" are hereby amended to read as follows:

15 **40-8.9-9. Long-term care re-balancing system reform goal.**

16 (a) Notwithstanding any other provision of state law, the executive office of health and
17 human services is authorized and directed to apply for and obtain any necessary waiver(s), waiver
18 amendment(s) and/or state plan amendments from the secretary of the United States department of
19 health and human services, and to promulgate rules necessary to adopt an affirmative plan of
20 program design and implementation that addresses the goal of allocating a minimum of fifty percent
21 (50%) of Medicaid long-term care funding for persons aged sixty-five (65) and over and adults
22 with disabilities, in addition to services for persons with developmental disabilities , to home and
23 community-based care ; provided, further, the executive office shall report annually as part of its
24 budget submission, the percentage distribution between institutional care and home and
25 community-based care by population and shall report current and projected waiting lists for long-
26 term care and home and community-based care services. The executive office is further authorized
27 and directed to prioritize investments in home and community- based care and to maintain the
28 integrity and financial viability of all current long-term care services while pursuing this goal.

29 (b) The reformed long-term care system re-balancing goal is person-centered and
30 encourages individual self-determination, family involvement, interagency collaboration, and
31 individual choice through the provision of highly specialized and individually tailored home- based
32 services. Additionally, individuals with severe behavioral, physical, or developmental disabilities
33 must have the opportunity to live safe and healthful lives through access to a wide range of
34 supportive services in an array of community-based settings, regardless of the complexity of their

1 medical condition, the severity of their disability, or the challenges of their behavior. Delivery of
2 services and supports in less costly and less restrictive community settings, will enable children,
3 adolescents, and adults to be able to curtail, delay, or avoid lengthy stays in long-term care
4 institutions, such as behavioral health residential treatment facilities, long- term care hospitals,
5 intermediate care facilities and/or skilled nursing facilities.

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

20 (1) The executive office shall continue to apply the level of care criteria in effect on June
21 30, 2015 for any recipient determined eligible for and receiving Medicaid-funded long-term
22 services in supports in a nursing facility, hospital, or intermediate care facility for persons with
23 intellectual disabilities on or before that date, unless:

24 (a) the recipient transitions to home and community based services because he or she would
25 no longer meet the level of care criteria in effect on June 30, 2015; or

26 (b) the recipient chooses home and community-based services over the nursing facility,
27 hospital, or intermediate care facility for persons with intellectual disabilities. For the purposes of
28 this section, a failed community placement, as defined in regulations promulgated by the executive
29 office, shall be considered a condition of clinical eligibility for the highest level of care. The
30 executive office shall confer with the long-term care ombudsperson with respect to the
31 determination of a failed placement under the ombudsperson's jurisdiction. Should any Medicaid
32 recipient eligible for a nursing facility, hospital, or intermediate care facility for persons with
33 intellectual disabilities as of June 30, 2015, receive a determination of a failed community
34 placement, the recipient shall have access to the highest level of care; furthermore, a recipient who

1 has experienced a failed community placement shall be transitioned back into his or her former
2 nursing home, hospital, or intermediate care facility for persons with intellectual disabilities
3 whenever possible. Additionally, residents shall only be moved from a nursing home, hospital, or
4 intermediate care facility for persons with intellectual disabilities in a manner consistent with
5 applicable state and federal laws.

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

9 (3) No nursing home, hospital, or intermediate care facility for persons with intellectual
10 disabilities shall be denied payment for services rendered to a Medicaid recipient on the grounds
11 that the recipient does not meet level of care criteria unless and until the executive office has:

12 (i) performed an individual assessment of the recipient at issue and provided written notice
13 to the nursing home, hospital, or intermediate care facility for persons with intellectual disabilities
14 that the recipient does not meet level of care criteria; and

15 (ii) the recipient has either appealed that level of care determination and been unsuccessful,
16 or any appeal period available to the recipient regarding that level of care determination has expired.

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

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

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

1 (1) Development, of revised or new Medicaid certification standards that increase access
2 to service specialization and scheduling accommodations by using payment strategies designed to
3 achieve specific quality and health outcomes.

4 (2) Development of Medicaid certification standards for state authorized providers of adult
5 day services, excluding such providers of services authorized under 40.1-24-1(3), assisted living,
6 and adult supportive care (as defined under 23-17.24) that establish for each, an acuity- based,
7 tiered service and payment methodology tied to: licensure authority, level of beneficiary needs; the
8 scope of services and supports provided; and specific quality and outcome measures.

9 The standards for adult day services for persons eligible for Medicaid-funded long-term
10 services may differ from those who do not meet the clinical/functional criteria set forth in 40-8.10-
11 3.

12 (3) ~~By October 1, 2016, institute an increase in the base payment rates for home care~~
13 ~~service providers, in an amount to be determined through the appropriations process, for the~~
14 ~~purpose of implementing a wage pass through program for personal care attendants and home~~
15 ~~health aides assisting long term care beneficiaries. On or before September 1, 2016, Medicaid-~~
16 ~~funded home health providers seeking to participate in the program shall submit to the secretary,~~
17 ~~for his or her approval, a written plan describing and attesting to the manner in which the increased~~
18 ~~payment rates shall be passed through to personal care attendants and home health aides in their~~
19 ~~salaries or wages less any attendant costs incurred by the provider for additional payroll taxes,~~
20 ~~insurance contributions, and other costs required by federal or state law, regulation, or policy and~~
21 ~~directly attributable to the wage pass through program established in this section. Any such~~
22 ~~providers contracting with a Medicaid managed care organization shall develop the plan for the~~
23 ~~wage pass through program in conjunction with the managed care entity and shall include an~~
24 ~~assurance by the provider that the base rate increase is implemented in accordance with the goal of~~
25 ~~raising the wages of the health workers targeted in this subsection. Participating providers who do~~
26 ~~not comply with the terms of their wage pass through plan shall be subject to a clawback, paid by~~
27 ~~the provider to the state, for any portion of the rate increase administered under this section that the~~
28 ~~secretary deems appropriate.~~ As the state's Medicaid program seeks to assist more beneficiaries
29 requiring long-term services and supports in home and community-based settings, the demand for
30 home care workers has increased, and wages for these workers has not kept pace with neighboring
31 states, leading to high turnover and vacancy rates in the state's home care industry, the EOHHS
32 shall institute a one-time increase in the base-payment rates for home-care service providers to
33 promote increased access to and an adequate supply of highly trained home health care
34 professionals, in amount to be determined by the appropriations process, for the purpose of raising

1 [wages for personal care attendants and home health aides to be implemented by such providers.](#)

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

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

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

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

- 26 (1) Community-based supportive living program established in 40-8.13-2.12;
- 27 (2) Adult day services level of need criteria and acuity-based, tiered payment methodology;
- 28 and
- 29 (3) Payment reforms that encourage home and community-based providers to provide the
30 specialized services and accommodations beneficiaries need to avoid or delay institutional care.

31 (k) The secretary is authorized to seek any Medicaid section 1115 waiver or state plan
32 amendments and take any administrative actions necessary to ensure timely adoption of any new
33 or amended rules, regulations, policies, or procedures and any system enhancements or changes,
34 for which appropriations have been authorized, that are necessary to facilitate implementation of

1 the requirements of this section by the dates established. The secretary shall reserve the discretion
2 to exercise the authority established under 42-7.2-5(6)(v) and 42-7.2-6.1, in consultation with the
3 governor, to meet the legislative directives established herein.

4 SECTION 6. Section 40.1-1-13 of the General Laws in Chapter 40.1-1 entitled
5 "Department of Behavioral Healthcare, Developmental Disabilities and Hospitals" is hereby
6 amended to read as follows:

7 **40.1-1-13. Powers and duties of the office.**

8 (a) Notwithstanding any provision of the Rhode Island general laws to the contrary, the
9 department of behavioral healthcare, developmental disabilities and hospitals shall have the
10 following powers and duties:

11 (1) To establish and promulgate the overall plans, policies, objectives, and priorities for
12 state substance-abuse education, prevention, and treatment; provided, however, that the director
13 shall obtain and consider input from all interested state departments and agencies prior to the
14 promulgation of any such plans or policies;

15 (2) Evaluate and monitor all state grants and contracts to local substance-abuse service
16 providers;

17 (3) Develop, provide for, and coordinate the implementation of a comprehensive state plan
18 for substance-abuse education, prevention, and treatment;

19 (4) Ensure the collection, analysis, and dissemination of information for planning and
20 evaluation of substance-abuse services;

21 (5) Provide support, guidance, and technical assistance to individuals, local governments,
22 community service providers, public and private organizations in their substance-abuse education,
23 prevention, and treatment activities;

24 (6) Confer with all interested department directors to coordinate the administration of state
25 programs and policies that directly affect substance-abuse treatment and prevention;

26 (7) Seek and receive funds from the federal government and private sources in order to
27 further the purposes of this chapter;

28 (8) ~~To act for all purposes in the capacity of "state substance abuse authority" as the sole~~
29 ~~designated agency with the sole responsibility for planning, coordinating, managing, implementing,~~
30 ~~and reporting on state substance abuse planning and policy efforts as it relates to requirements set~~
31 ~~forth in pertinent federal substance abuse laws and regulations; To act in conjunction with the~~
32 ~~executive office of health and human services as the state's co-designated agency (§ 42 U.S.C.~~
33 ~~300x-30(a)) for administering federal aid and for the purposes of the calculation of the expenditures~~
34 ~~relative to the substance abuse block grant and federal funding maintenance of effort. The~~

1 [department of behavioral healthcare, developmental disabilities and hospitals, as the state's](#)
2 [substance abuse authority, will have the sole responsibility for the planning, policy and](#)
3 [implementation efforts as it relates to the requirements set forth in pertinent substance abuse laws](#)
4 [and regulations including 42 U.S.C. § 300x-21 et seq.:](#)

5 (9) Propose, review, and/or approve, as appropriate, proposals, policies, or plans involving
6 insurance and managed care systems for substance-abuse services in Rhode Island;

7 (10) To enter into, in compliance with the provisions of chapter 2 of title 37, contractual
8 relationships and memoranda of agreement as necessary for the purposes of this chapter;

9 (11) To license facilities and programs for the care and treatment of substance abusers and
10 for the prevention of substance abuse;

11 (12) To promulgate rules and regulations necessary to carry out the requirements of this
12 chapter;

13 (13) Perform other acts and exercise any other powers necessary or convenient to carry out
14 the intent and purposes of this chapter;

15 (14) To exercise the authority and responsibilities relating to education, prevention, and
16 treatment of substance abuse, as contained in, but not limited to, the following chapters: chapter
17 1.10 of title 23; chapter 10.1 of title 23; chapter 28.2 of title 23; chapter 21.2 of title 16; chapter
18 21.3 of title 16; chapter 50.1 of title 42; chapter 109 of title 42; chapter 69 of title 5 and § 35-4-18;

19 (15) To establish a Medicare Part D restricted-receipt account in the hospitals and
20 community rehabilitation services program to receive and expend Medicare Part D reimbursements
21 from pharmacy benefit providers consistent with the purposes of this chapter;

22 (16) To establish a RICLAS group home operations restricted-receipt account in the
23 services for the developmentally disabled program to receive and expend rental income from
24 RICLAS group clients for group home-related expenditures, including food, utilities, community
25 activities, and the maintenance of group homes;

26 (17) To establish a non-Medicaid, third-party payor restricted-receipt account in the
27 hospitals and community rehabilitation services program to receive and expend reimbursement
28 from non-Medicaid, third-party payors to fund hospital patient services that are not Medicaid
29 eligible; and

30 (18) To certify recovery housing facilities directly, or through a contracted entity, as
31 defined by department guidelines, which includes adherence to using National Alliance for
32 Recovery Residences (NARR) standards. In accordance with a schedule to be determined by the
33 department, all referrals from state agencies or state-funded facilities shall be to certified houses,
34 and only certified recovery housing facilities shall be eligible to receive state funding to deliver

1 recovery housing services; and.

2 ~~(19) To act in conjunction with the executive office of health and human services as the~~
3 ~~state's co-designated agency for administering federal aid and for the purpose of the calculation of~~
4 ~~expenditures relative to the substance abuse block grant and federal funding maintenance of effort~~
5 ~~requirements.~~

6 SECTION 7. Section 40.1-22-39 of the General Laws in Chapter 40.1-22 entitled
7 "Developmental Disabilities" is hereby amended to read as follows:

8 **40.1-22-39. Monthly reports to the general assembly.**

9 On or before the fifteenth (15th) day of each month, the department shall provide a monthly
10 report of monthly caseload and expenditure data, pertaining to eligible, developmentally disabled
11 adults, to the chairperson of the house finance committee; the chairperson of the senate finance
12 committee; the house fiscal advisor; the senate fiscal advisor; and the state budget officer. The
13 monthly report shall be in such form, and in such number of copies, and with such explanation as
14 the house and senate fiscal advisors may require. It shall include, but is not limited to, the number
15 of cases and expenditures from the beginning of the fiscal year at the beginning of the prior month;
16 cases added and denied during the prior month; expenditures made; and the number of cases and
17 expenditures at the end of the month. The information concerning cases added and denied shall
18 include summary information and profiles of the service-demand request for eligible adults meeting
19 the state statutory definition for services from the division of developmental disabilities as
20 determined by the division, including age, Medicaid eligibility and agency selection placement with
21 a list of the services provided, and the reasons for the determinations of ineligibility for those cases
22 denied.

23 The department shall also provide, monthly, the number of individuals in a shared-living
24 arrangement and how many may have returned to a 24-hour residential placement in that month.
25 The department shall also report, monthly, any and all information for the consent decree that has
26 been submitted to the federal court as well as the number of unduplicated individuals employed;
27 the place of employment; and the number of hours working.

28 The department shall also provide the amount of funding allocated to individuals above the
29 assigned resource levels; the number of individuals and the assigned resource level; and the reasons
30 for the approved additional resources. The department will also collect and forward to house fiscal
31 advisor, senate fiscal advisor and state budget officer, by November 1 of each year, the annual cost
32 reports for each community based provider for the prior fiscal year.

33 The department shall also provide the amount of patient liability to be collected and the
34 amount collected as well as the number of individuals who have a financial obligation.

1 The department will also provide a list of community based providers awarded an advanced
2 payment for residential and community based day programs, the address for each property and the
3 value of the advancement. If the property is sold, the department must report the final sale,
4 including the purchaser, the value of the sale and the name of the agency that operated the facility.
5 If residential property, the department must provide the number of individuals residing in the home
6 at the time of sale and identify the type of residential placement that the individual(s) will be
7 moving to. The department must report if the property will continue to be licensed as a residential
8 facility. The department will also report any newly licensed twenty-four (24) hour group home, the
9 provider operating the facility and the number of individuals residing in the facility.

10 Prior to December 1, 2017, the department will provide the authorizations for community
11 based and day program, including the unique number of individuals eligible to receive the services
12 and at the end of each month the unique number of individuals who participated in the programs
13 and claims processed.

14 SECTION 8. Section 42-7.2-2 of the General Laws in Chapter 42-7.2 entitled "Executive
15 Office of Health and Human Services" is hereby amended to read as follows:

16 **42-7.2-2. Executive office of health and human services.**

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

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

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

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

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

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

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

34 (6) Administer Rhode Island Medicaid in the capacity of the single state agency authorized

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

7 ~~(7) To act in conjunction with the department of behavioral healthcare, developmental~~
8 ~~disabilities and hospitals as the state's co-designated agency for administering federal aid and for~~
9 ~~the purpose of the calculation of expenditures relative to the substance abuse block grant and~~
10 ~~federal funding maintenance of effort requirements.~~ To act in conjunction with the department of
11 behavioral healthcare, developmental disabilities and hospitals as the state's co-designated agency
12 (42 U.S.C. § 300x-30(a)) for administering federal aid and for the purposes of the calculation of
13 expenditures relative to the substance abuse block grant and federal funding maintenance of effort.

14 SECTION 9. Section 42-12-29 of the General Laws in Chapter 42-12 entitled "Department
15 of Human Services" is hereby amended to read as follows:

16 **42-12-29. Children's health account.**

17 (a) There is created within the general fund a restricted receipt account to be known as the
18 "children's health account." All money in the account shall be utilized by the ~~department of human~~
19 ~~services~~ executive office of health and human services ("executive office") to effectuate coverage
20 for the following service categories: (1) home health services, which include pediatric private duty
21 nursing and certified nursing assistant services; (2) Cedar comprehensive, evaluation, diagnosis,
22 assessment, referral and evaluation ~~(CEDARR)~~ (CEDAR) services, which include ~~CEDARR~~
23 family center services, home based therapeutic services, personal assistance services and supports
24 (PASS) and kids connect services and (3) child and adolescent treatment services (CAITS). All
25 money received pursuant to this section shall be deposited in the children's health account. The
26 general treasurer is authorized and directed to draw his or her orders on the account upon receipt
27 of properly authenticated vouchers from the ~~department of human services~~ executive office.

28 (b) Beginning ~~January 1, 2016~~ July 1, 2017, a portion of the amount collected pursuant to
29 42-7.4-3, up to the actual amount expended or projected to be expended by the state for the services
30 described in 42-12-29(a), less any amount collected in excess of the prior year's funding
31 requirement as indicated in 42-12-29(c), but in no event more than the limit set forth in 42-12-29(d)
32 (the "child health services funding requirement"), shall be deposited in the "children's health
33 account." The funds shall be used solely for the purposes of the "children's health account", and
34 no other.

1 (c) The ~~department of human services~~ executive office shall submit to the general assembly
2 an annual report on the program and costs related to the program, on or before February 1 of each
3 year. The ~~department~~ executive office shall make available to each insurer required to make a
4 contribution pursuant to 42-7.4-3, upon its request, detailed information regarding the children's
5 health programs described in subsection (a) and the costs related to those programs. Any funds
6 collected in excess of funds needed to carry out the programs shall be deducted from the subsequent
7 year's funding requirements.

8 (d) The total amount required to be deposited into the children's health account shall be
9 equivalent to the amount paid by the ~~department of human services~~ executive office for all services,
10 as listed in subsection (a), but not to exceed ~~seven thousand five hundred dollars (\$7,500)~~ twelve
11 thousand five hundred dollars (\$12,500) per child per service per year.

12 (e) The children's health account shall be exempt from the indirect cost recovery provisions
13 of 35-4-27 of the general laws.

14 SECTION 10. Section 15 of Article 5 of Chapter 141 of the Public Laws of 2015 is hereby
15 amended to read as follows:

16 A pool is hereby established of up to ~~\$2.5 million~~ \$4.0 million to support Medicaid
17 Graduate Education funding for Academic Medical Centers with level I Trauma Centers who
18 provide care to the state's critically ill and indigent populations. The office of Health and Human
19 Services shall utilize this pool to provide up to \$5 million per year in additional Medicaid payments
20 to support Graduate Medical Education programs to hospitals meeting all of the following criteria:

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

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

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

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

29 Payments for Graduate Medical Education programs shall be made annually.

30 SECTION 11. RELATING TO MEDICAID REFORM ACT OF 2008 RESOLUTION

31 Section 1. Rhode Island Medicaid Reform Act of 2008 Resolution.

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

34 WHEREAS, a legislative enactment is required pursuant to Rhode Island General Laws

1 42-12.4-1, et seq.; and

2 WHEREAS, Rhode Island General Law 42-7.2-5(3)(a) provides that the Secretary of the
3 Executive Office of Health and Human Services ("Executive Office") is responsible for the review
4 and coordination of any Medicaid section 1115 demonstration waiver requests and renewals as well
5 as any initiatives and proposals requiring amendments to the Medicaid state plan or category II or
6 III changes as described in the demonstration, "with potential to affect the scope, amount, or
7 duration of publicly-funded health care services, provider payments or reimbursements, or access
8 to or the availability of benefits and services provided by Rhode Island general and public laws";
9 and

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

13 (a) Provider Rates -- Adjustments. The Executive Office proposes to:

14 ~~Eliminate hospital payments by the projected increases in hospital rates that would~~
15 ~~otherwise take effect during the state fiscal year 2018 and reduce the hospital payments by one~~
16 ~~percent on January 1, 2018.~~

17 (i) ~~Adjust acuity-based payment rates to nursing facilities and eliminate~~ Eliminate the
18 annual increase in rates that would otherwise take-effect on October 1, 2017;

19 ~~Change the acuity-based policy adjustor for payments to hospitals for behavioral health~~
20 ~~services;~~ and

21 (ii) Reduce rates for Medicaid managed care plan administration.

22 Implementation of adjustments may require amendments to the Rhode Island's Medicaid
23 State Plan and/or Section 1115 waiver under the terms and conditions of the demonstration. Further,
24 adoption of new or amended rules, regulations and procedures may also be required.

25 (b) Beneficiary Liability Collection Enhancements – Federal laws and regulations require
26 beneficiaries who are receiving Medicaid-funded long-term services and supports (LTSS) to pay a
27 portion of their income toward ~~in~~ the cost of care. The Executive Office is seeking to enhance the
28 agency's capacity to collect these payments in a timely and equitable manner. The Executive Office
29 may require federal State Plan and/or waiver authority to implement these enhancements. Amended
30 rules, regulations and procedures may also be required.

31 (c) Community Health Centers – Alternative payment methodology. To pursue more
32 transparent, better coordinated, and cost-effective care delivery, the Executive Office proposes to
33 revise the Rhode Island's Principles of Reimbursement for Federally Qualified Health Centers, as
34 amended July 2012, to include in its monthly capitation payments to the health plans the total cost

1 of providing care to the Medicaid plan members the Community Health Centers serve. Pursuing
2 such revisions may also require amendments to the Medicaid state plan and/or other federal
3 authorities.

4 (d) Healthy Aging Initiative and LTSS System Reform. The Executive Office proposes to
5 further the goals of the Healthy Aging Initiative and LTSS system rebalancing by pursuing:

6 ~~(i) Integrated Care Initiative (ICI) — Demonstration amendment. New enrollment patterns
7 in managed care and fee-for-services Medicaid that will promote the Healthy Aging Initiative goals
8 of achieving greater utilization of home and community-based long-term services and supports
9 options.~~

10 ~~(ii)~~(i) Process Review and Reform. A review of access to Medicaid-funded LTSS for the
11 purpose of reforming existing processes to streamline eligibility determination procedures, promote
12 options counseling and person-centered planning, and to further the goals of rebalancing the LTSS
13 system while preserving service quality, choice and cost-effectiveness.

14 Implementation of these changes may require Section 1115 waiver authority under the
15 terms and conditions of the demonstration. New and/or amended rules, regulations and procedures
16 may also be necessary to implement this proposal. Accordingly, the Executive Office may require
17 State Plan or the Section 1115 waiver to foster greater access to home and community-based
18 services. Implementation of such changes may also require the adoption of rules, regulations and/or
19 procedures.

20 ~~Estate Recoveries and Liens. Proposed changes in Executive Office policies pertaining to
21 estate recoveries and liens may require new or amended State Plan and/or Section 1115 waiver
22 authorities. Implementation of these changes may also require new and/or amended rules,
23 regulations and procedures.~~

24 (e) Federal Financing Opportunities. The Executive Office proposes to review Medicaid
25 requirements and opportunities under the U.S. Patient Protection and Affordable Care Act of 2010
26 (PPACA) and various other recently enacted federal laws and pursue any changes in the Rhode
27 Island Medicaid program that promote service quality, access and cost-effectiveness that may
28 warrant a Medicaid State Plan amendment or amendment under the terms and conditions of Rhode
29 Island's Section 1115 Waiver, its successor, or any extension thereof. Any such actions by the
30 Executive Office shall not have an adverse impact on beneficiaries or cause there to be an increase
31 in expenditures beyond the amount appropriated for state fiscal year 2018. Now, therefore, be it:

32 RESOLVED, the General Assembly hereby approves proposals and be it further;

33 RESOLVED, the Secretary of the Executive Office is authorized to pursue and implement
34 any waiver amendments, State Plan amendments, and/or changes to the applicable department's

1 rules, regulations and procedures approved herein and as authorized by 42-12.4-7; and be it further
2 RESOLVED, that this Joint Resolution shall take effect upon passage.
3 SECTION 12. Section 1 of this Article shall take effect on October 1, 2017. The remainder
4 of this Article shall take effect upon passage.

ARTICLE 10 AS AMENDED

RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2017

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, 2017. 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.

	FY 2017	FY 2017	FY 2017
	Enacted	Change	Final
Administration			
<i>Central Management</i>			
General Revenues	2,660,785	60,974	2,721,759
<i>Legal Services</i>			
General Revenues	2,185,988	(109,253)	2,076,735
<i>Accounts and Control</i>			
General Revenues	4,147,433	(143,027)	4,004,406
<i>Office of Management and Budget</i>			
General Revenues	8,535,107	(1,580,272)	6,954,835
Restricted Receipts	355,000	109,647	464,647
Other Funds	1,381,095	123,696	1,504,791
Total – Office of Management and Budget	10,271,202	(1,346,929)	8,924,273
<i>Purchasing</i>			
General Revenues	2,860,722	(21,863)	2,838,859
Other Funds	232,640	46,420	279,060
Total – Purchasing	3,093,362	24,557	3,117,919
<i>Human Resources</i>			
General Revenues	7,783,906	(124,660)	7,659,246

1	Federal Funds	784,618	260,226	1,044,844
2	Restricted Receipts	487,070	137,176	624,246
3	Other Funds	1,486,706	96,829	1,583,535
4	Total - Human Resources	10,542,300	369,571	10,911,871
5	<i>Personnel Appeal Board</i>			
6	General Revenues	133,419	11,833	145,252
7	<i>Information Technology</i>			
8	General Revenues	21,840,562	(73,641)	21,766,921
9	Federal Funds	6,778,053	69,098	6,847,151
10	Restricted Receipts	9,903,237	6,304,893	16,208,130
11	Other Funds	2,771,449	(50,812)	2,720,637
12	Total – Information Technology	41,293,301	6,249,538	47,542,839
13	<i>Library and Information Services</i>			
14	General Revenues	1,342,819	(1,190)	1,341,629
15	Federal Funds	1,200,253	15,500	1,215,753
16	Restricted Receipts	28	5,472	5,500
17	Total - Library and Information Services	2,543,100	19,782	2,562,882
18	<i>Planning</i>			
19	General Revenues	1,341,758	(367,387)	974,371
20	Federal Funds	1,014,317	(990,006)	24,311
21	Other Funds			
22	Air Quality Modeling	24,000	0	24,000
23	Federal Highway – PL Systems Planning	2,974,750	52,460	3,027,210
24	FTA – Metro Planning Grant	0	998,791	998,791
25	Total - Planning	5,354,825	(306,142)	5,048,683
26	<i>General</i>			
27	General Revenues	50,000	0	50,000
28	Provided that this amount be allocated to City Year for the Whole School Whole Child			
29	Program, which provides individualized support to at-risk students.			
30	Torts - Courts/Awards	400,000	0	400,000
31	State Employees/Teachers Retiree Health Subsidy	2,321,057	0	2,321,057
32	Resource Sharing and State Library Aid	9,362,072	0	9,362,072
33	Library Construction Aid	2,223,220	(2,274)	2,220,946
34	RIPTA	900,000	0	900,000

1	Restricted Receipts	421,500	278,500	700,000
2	Other Funds			
3	Rhode Island Capital Plan Funds			
4	Statehouse Renovations	700,000	300,000	1,000,000
5	DoIT Enterprise Operations Center	500,000	(340,000)	160,000
6	Cranston Street Armory	1,500,000	0	1,500,000
7	Cannon Building	400,000	0	400,000
8	Pastore Center Rehab DOA Portion	6,783,000	117,000	6,900,000
9	Zambarano Building Rehabilitation	3,785,000	(1,610,000)	2,175,000
10	Pastore Strategic Plan	1,325,500	200,000	1,525,500
11	Old State House	500,000	(450,000)	50,000
12	State Office Building	1,670,000	35,000	1,705,000
13	Old Colony House	100,000	180,000	280,000
14	William Powers Building	1,000,000	(200,000)	800,000
15	Pastore Center Utility Systems Upgrade	2,878,000	(742,378)	2,135,622
16	Replacement of Fueling Tanks	400,000	(204,390)	195,610
17	Environmental Compliance	200,000	(100,000)	100,000
18	Big River Management Area	100,000	(68,280)	31,720
19	Washington County Government Center	500,000	(400,000)	100,000
20	Veterans Memorial Auditorium	245,000	210,147	455,147
21	Chapin Health Laboratory	2,362,000	(2,262,000)	100,000
22	Pastore Center Parking	900,000	(785,000)	115,000
23	Pastore Center Water Tanks and Pipes	380,000	160,000	540,000
24	RI Convention Center Authority	1,000,000	50,245	1,050,245
25	Dunkin Donuts Center	2,787,500	135,759	2,923,259
26	Pastore Power Plant Rehabilitation	640,000	(640,000)	0
27	Virks Building Renovations	14,505,000	627,512	15,132,512
28	Accessibility – Facility Renovations	1,000,000	0	1,000,000
29	Harrington Hall Renovations	0	194,222	194,222
30	Mathias Building	0	530,000	530,000
31	McCoy Stadium Repairs	0	115,000	115,000
32	Veterans Land Purchase	0	45,000	45,000
33	Total – General	61,838,849	(4,625,937)	57,212,912
34	<i>Debt Service Payments</i>			

1	General Revenues	130,523,966	(10,980,594)	119,543,372
2	Out of the general revenue appropriations for debt service, the General Treasurer is			
3	authorized to make payments for the I-195 Redevelopment District Commission loan up to the			
4	maximum debt service due in accordance with the loan agreement.			
5	Federal Funds	2,235,315	(699)	2,234,616
6	Restricted Receipts	111,453	451	111,904
7	Other Funds			
8	COPS - DLT Building – TDI	127,677	(57)	127,620
9	COPS – DLT Building – Other	0	1,453	1,453
10	Transportation Debt Service	45,942,881	0	45,942,881
11	Investment Receipts – Bond Funds	100,000	0	100,000
12	Total - Debt Service Payments	179,041,292	(10,979,446)	168,061,846
13	<i>Energy Resources</i>			
14	Federal Funds	397,040	282,095	679,135
15	Restricted Receipts	12,520,976	3,509,337	16,030,313
16	Total – Energy Resources	12,918,016	3,791,432	16,709,448
17	<i>Rhode Island Health Benefits Exchange</i>			
18	General Revenues	2,625,841	0	2,625,841
19	Federal Funds	1,177,039	6,763,779	7,940,818
20	Restricted Receipts	8,580,747	(2,567,501)	6,013,246
21	Total - Rhode Island Health Benefits Exchange	12,383,627	4,196,278	16,579,905
22	<i>Construction Permitting, Approvals and Licensing</i>			
23	General Revenues	1,823,455	(144,718)	1,678,737
24	Restricted Receipts	1,440,520	(61,484)	1,379,036
25	Total – Construction Permitting, Approvals and			
26	Licensing	3,263,975	(206,202)	3,057,773
27	<i>Office of Diversity, Equity, and Opportunity</i>			
28	General Revenues	1,294,640	(270,043)	1,024,597
29	Other Funds	92,993	(42,869)	50,124
30	Total – Office of Diversity, Equity & Opportunity	1,387,633	(312,912)	1,074,721
31	<i>Capital Asset Management and Maintenance</i>			
32	General Revenues	34,693,189	(1,139,891)	33,553,298
33	Federal Funds	1,310,071	258,673	1,568,744
34	Restricted Receipts	443,424	204,910	648,334

1	Other Funds	4,412,913	(627,735)	3,785,178
2	Total – Capital Asset Management &			
3	Maintenance	40,859,597	(1,304,043)	39,555,554
4	<i>Personnel and Operational Reforms</i>			
5	General Revenues	(1,966,421)	1,000,000	(966,421)
6	Grand Total – Administration	391,952,283	(3,609,926)	388,342,357
7	Business Regulation			
8	<i>Central Management</i>			
9	General Revenues	1,325,909	(90,338)	1,235,571
10	<i>Banking Regulation</i>			
11	General Revenues	1,818,673	(256,869)	1,561,804
12	Restricted Receipts	50,000	25,000	75,000
13	Total–Banking Regulation	1,868,673	(231,869)	1,636,804
14	<i>Securities Regulation</i>			
15	General Revenues	1,079,028	(169,132)	909,896
16	Restricted Receipts	15,000	0	15,000
17	Total - Securities Regulation	1,094,028	(169,132)	924,896
18	<i>Insurance Regulation</i>			
19	General Revenues	3,993,494	(361,461)	3,632,033
20	Restricted Receipts	1,792,566	7,371	1,799,937
21	Total - Insurance Regulation	5,786,060	(354,090)	5,431,970
22	<i>Office of the Health Insurance Commissioner</i>			
23	General Revenues	1,449,061	(1,485)	1,447,576
24	Federal Funds	1,100,710	910,686	2,011,396
25	Restricted Receipts	11,500	0	11,500
26	Total – Office of the Health Insurance			
27	Commissioner	2,561,271	909,201	3,470,472
28	<i>Board of Accountancy</i>			
29	General Revenues	6,000	0	6,000
30	<i>Commercial Licensing, Racing & Athletics</i>			
31	General Revenues	638,207	233,895	872,102
32	Restricted Receipts	2,306,661	(410,378)	1,896,283
33	Total - Commercial Licensing, Racing & Athletics	2,944,868	(176,483)	2,768,385
34	<i>Boards for Design Professionals</i>			

1	General Revenues	273,080	83,166	356,246
2	Grand Total - Business Regulation	15,859,889	(29,545)	15,830,344
3	Executive Office of Commerce			
4	<i>Central Management</i>			
5	General Revenues	1,200,198	(244,599)	955,599
6	<i>Housing and Community Development</i>			
7	General Revenues	617,205	(3,372)	613,833
8	Federal Funds	17,790,927	476,004	18,266,931
9	Restricted Receipts	4,750,000	0	4,750,000
10	Total – Housing and Community Development	23,158,132	472,632	23,630,764
11	<i>Quasi-Public Appropriations</i>			
12	General Revenues			
13	Rhode Island Commerce Corporation	7,394,514	40,000	7,434,514
14	Airport Impact Aid	1,025,000	0	1,025,000
15	Sixty percent (60%) of the first \$1,000,000 appropriated for airport impact aid shall be			
16	distributed to each airport serving more than 1,000,000 passengers based upon its percentage of the			
17	total passengers served by all airports serving more than 1,000,000 passengers. Forty percent (40%)			
18	of the first \$1,000,000 shall be distributed based on the share of landings during the calendar year			
19	2016 at North Central Airport, Newport-Middletown Airport, Block Island Airport, Quonset			
20	Airport, T.F. Green Airport and Westerly Airport, respectively. The Rhode Island Commerce			
21	Corporation shall make an impact payment to the towns or cities in which the airport is located			
22	based on this calculation. Each community upon which any parts of the above airports are located			
23	shall receive at least \$25,000.			
24	STAC Research Alliance	1,150,000	0	1,150,000
25	Innovative Matching Grants/Internships	1,000,000	0	1,000,000
26	I-195 Redevelopment District Commission	761,000	69,116	830,116
27	Chafee Center at Bryant	376,200	0	376,200
28	RI College and University Research Collaborative	150,000	0	150,000
29	Other Funds			
30	Rhode Island Capital Plan Funds			
31	I-195 Redevelopment District Commission	300,000	85,000	385,000
32	Quonset Piers	1,000,000	(600,000)	400,000
33	Total - Quasi-Public Appropriations	13,156,714	(405,884)	12,750,830
34	<i>Economic Development Initiatives Fund</i>			

1	General Revenues			
2	Cluster Grants	500,000	0	500,000
3	Main Street RI Streetscape Improvements	1,000,000	0	1,000,000
4	Rebuild RI Tax Credit Fund	25,000,000	0	25,000,000
5	First Wave Closing Fund	7,000,000	1,500,000	8,500,000
6	P-Tech	1,200,000	0	1,200,000
7	Innovation Vouchers	1,500,000	0	1,500,000
8	Anchor Institution Tax Credits	700,000	(700,000)	0
9	Total - Economic Development Initiatives			
10	Fund	36,900,000	800,000	37,700,000
11	<i>Commerce Programs</i>			
12	General Revenues	5,000,000	(1,500,000)	3,500,000
13	Grand Total - Executive Office of Commerce	79,415,044	(877,851)	78,537,193
14	Labor and Training			
15	<i>Central Management</i>			
16	General Revenues	120,134	13,993	134,127
17	Restricted Receipts	529,314	323,907	853,221
18	Other Funds			
19	Rhode Island Capital Plan Funds			
20	Center General Building Roof	0	156,620	156,620
21	Center General Asset Protection	1,905,000	(1,695,000)	210,000
22	Total - Central Management	2,554,448	(1,200,480)	1,353,968
23	<i>Workforce Development Services</i>			
24	General Revenues	704,517	0	704,517
25	Federal Funds	24,121,921	9,498,556	33,620,477
26	Restricted Receipts	12,028,451	5,611,549	17,640,000
27	Other Funds	9,711	4,217,500	4,227,211
28	Total - Workforce Development Services	36,864,600	19,327,605	56,192,205
29	<i>Workforce Regulation and Safety</i>			
30	General Revenues	2,825,411	(1,006,704)	1,818,707
31	<i>Income Support</i>			
32	General Revenues	4,160,083	(168,070)	3,992,013
33	Federal Funds	14,329,659	743,149	15,072,808
34	Restricted Receipts	2,475,000	491,542	2,966,542

1	Other Funds			
2	Temporary Disability Insurance Fund	186,953,678	5,794,454	192,748,132
3	Employment Security Fund	160,400,000	(1,480,000)	158,920,000
4	Other Funds	0	100,450	100,450
5	Total - Income Support	368,318,420	5,481,525	373,799,945
6	<i>Injured Workers Services</i>			
7	Restricted Receipts	8,552,358	28,039	8,580,397
8	<i>Labor Relations Board</i>			
9	General Revenues	402,491	2,058	404,549
10	Grand Total - Labor and Training	419,517,728	22,632,043	442,149,771
11	Department of Revenue			
12	<i>Director of Revenue</i>			
13	General Revenues	1,147,047	75,801	1,222,848
14	<i>Office of Revenue Analysis</i>			
15	General Revenues	806,836	908	807,744
16	<i>Lottery Division</i>			
17	Lottery Funds	362,367,224	7,723,824	370,091,048
18	<i>Rhode Island Capital Plan Funds</i>			
19	Lottery Building Renovations	0	119,112	119,112
20	Total – Lottery Division	362,367,224	7,842,936	370,210,160
21	<i>Municipal Finance</i>			
22	General Revenues	3,053,887	(11,588)	3,042,299
23	Provided that \$600,000 of the total is to support the operations of the City of Central Falls.			
24	<i>Taxation</i>			
25	General Revenues	20,294,329	80,003	20,374,332
26	Federal Funds	1,343,291	1,201,384	2,544,675
27	Restricted Receipts	930,267	86,330	1,016,597
28	Other Funds			
29	Motor Fuel Tax Evasion	176,148	0	176,148
30	Temporary Disability Insurance	987,863	91,707	1,079,570
31	Total – Taxation	23,731,898	1,459,424	25,191,322
32	<i>Registry of Motor Vehicles</i>			
33	General Revenues	20,518,390	(198,802)	20,319,588
34	License Plate Issuance	3,150,000	(3,150,000)	0

1 ~~All unexpended or unencumbered balances as of June 30, 2017 relating to license plate~~
 2 ~~reissuance are hereby re-appropriated to fiscal year 2018.~~

3	Federal Funds	802,076	1,028,462	1,830,538
4	Restricted Receipts	4,094,763	(1,000,000)	3,094,763
5	Total - Registry of Motor Vehicles	28,565,229	(3,320,340)	25,244,889
6	<i>State Aid</i>			
7	General Revenues			
8	Distressed Communities Relief Fund	12,384,458	0	12,384,458
9	Payment in Lieu of Tax Exempt Properties	41,979,103	0	41,979,103
10	Motor Vehicle Excise Tax Payments	10,000,000	0	10,000,000
11	Property Revaluation Program	559,901	0	559,901
12	Municipal Aid	0	137,340	137,340
13	Restricted Receipts	922,013	0	922,013
14	Total – State Aid	65,845,475	137,340	65,982,815
15	Grand Total – Revenue	485,517,596	6,184,481	491,702,077
16	Legislature			
17	General Revenues	41,052,730	4,883,560	45,936,290
18	<u>General Revenues</u>	<u>41,052,730</u>	<u>2,983,560</u>	<u>44,036,290</u>
19	Restricted Receipts	1,696,572	(85,048)	1,611,524
20	Grand Total – Legislature	42,749,302	4,798,512	47,547,814
21	<u>Grand Total – Legislature</u>	<u>42,749,302</u>	<u>2,898,512</u>	<u>45,647,814</u>
22	Lieutenant Governor			
23	General Revenues	1,079,576	(26,288)	1,053,288
24	Secretary of State			
25	<i>Administration</i>			
26	General Revenues	3,539,219	(236,881)	3,302,338
27	<i>Corporations</i>			
28	General Revenues	2,192,627	(73,851)	2,118,776
29	<i>State Archives</i>			
30	General Revenues	133,721	(46,571)	87,150
31	Restricted Receipts	516,519	(101,246)	415,273
32	Other Funds			
33	Rhode Island Capital Plan Funds			
34	State Archives	100,000	50,000	150,000

1	Total - State Archives	750,240	(97,817)	652,423
2	<i>Elections & Civics</i>			
3	General Revenues	3,377,103	(119,347)	3,257,756
4	Federal Funds	0	22,859	22,859
5	Total – Elections & Civics	3,377,103	(96,488)	3,280,615
6	<i>State Library</i>			
7	General Revenues	554,149	76,002	630,151
8	Provided that \$125,000 be allocated to support the Rhode Island Historical Society			
9	pursuant to Rhode Island General Law, Section 29-2-1 and \$18,000 be allocated to support the			
10	Newport Historical Society, pursuant to Rhode Island General Law, Section 29-2-2.			
11	<i>Office of Public Information</i>			
12	General Revenues	484,232	40,471	524,703
13	Restricted Receipts	40,000	(15,000)	25,000
14	Total – Office of Public Information	524,232	25,471	549,703
15	Grand Total – Secretary of State	10,937,570	(403,564)	10,534,006
16	General Treasurer			
17	<i>Treasury</i>			
18	General Revenues	2,507,779	(12,304)	2,495,475
19	Federal Funds	328,594	(40,248)	288,346
20	Other Funds			
21	Temporary Disability Insurance Fund	250,410	(25,872)	224,538
22	Tuition Savings Program - Admin	300,000	124,270	424,270
23	Total – General Treasurer	3,386,783	45,846	3,432,629
24	<i>State Retirement System</i>			
25	Restricted Receipts			
26	Admin Expenses - State Retirement			
27	System	8,228,881	1,646,621	9,875,502
28	Retirement - Treasury Investment Operations	1,544,396	(230,449)	1,313,947
29	Defined Contribution – Administration	68,373	24,105	92,478
30	Total - State Retirement System	9,841,650	1,440,277	11,281,927
31	<i>Unclaimed Property</i>			
32	Restricted Receipts	22,348,728	4,177,907	26,526,635
33	<i>Crime Victim Compensation Program</i>			
34	General Revenues	228,452	9,117	237,569

1	Federal Funds	624,287	193,175	817,462
2	Restricted Receipts	1,130,533	2,824	1,133,357
3	Total - Crime Victim Compensation Program	1,983,272	205,116	2,188,388
4	Grand Total – General Treasurer	37,560,433	5,869,146	43,429,579
5	Board of Elections			
6	General Revenues	1,982,707	85,969	2,068,676
7	Rhode Island Ethics Commission			
8	General Revenues	1,653,383	(21,773)	1,631,610
9	Office of Governor			
10	General Revenues	4,841,069	(7,587)	4,833,482
11	Contingency Fund	250,000	(8,000)	242,000
12	Grand Total – Office of Governor	5,091,069	(15,587)	5,075,482
13	Commission for Human Rights			
14	General Revenues	1,258,128	(10,525)	1,247,603
15	Federal Funds	323,295	75,110	398,405
16	Grand Total - Commission for Human Rights	1,581,423	64,585	1,646,008
17	Public Utilities Commission			
18	Federal Funds	104,669	23,331	128,000
19	Restricted Receipts	8,822,304	100,487	8,922,791
20	Grand Total - Public Utilities Commission	8,926,973	123,818	9,050,791
21	Office of Health and Human Services			
22	<i>Central Management</i>			
23	General Revenues	32,544,387	(3,877,981)	28,666,406
24	Federal Funds			
25	Federal Funds	109,882,888	37,250	109,920,138
26	Federal Funds – Stimulus	100,085	(100,085)	0
27	Restricted Receipts	3,914,402	2,285,690	6,200,092
28	Total – Central Management	146,441,762	(1,655,126)	144,786,636
29	<i>Medical Assistance</i>			
30	General Revenues			
31	Managed Care	294,797,721	11,785,938	306,583,659
32	Hospitals	94,223,146	1,329,512	95,552,658
33	Nursing Facilities	87,653,283	5,939,367	93,592,650
34	Home and Community Based Services	33,104,210	(6,328,360)	26,775,850

1	Other Services	45,710,484	6,659,421	52,369,905
2	Pharmacy	57,379,065	1,261,643	58,640,708
3	Rhody Health	291,574,716	(3,782,600)	287,792,116
4	Federal Funds			
5	Managed Care	353,210,935	17,955,406	371,166,341
6	Hospitals	107,062,817	(8,066,559)	98,996,258
7	Nursing Facilities	97,557,413	(650,063)	96,907,350
8	Home and Community Based Services	34,286,903	(6,562,753)	27,724,150
9	Other Services	429,645,177	80,069,918	509,715,095
10	Pharmacy	(1,111,840)	61,125	(1,050,715)
11	Rhody Health	298,041,793	(1,633,909)	296,407,884
12	<u>Other Programs</u> Special Education	19,000,000	7,300,000	26,300,000
13	Restricted Receipts	9,615,000	0	9,615,000
14	Total - Medical Assistance	2,251,750,823	105,338,086	2,357,088,909
15	Grand Total – Office of Health			
16	and Human Services	2,398,192,585	103,682,960	2,501,875,545
17	Children, Youth, and Families			
18	<i>Central Management</i>			
19	General Revenues	7,074,378	(561,738)	6,512,640
20	Federal Funds	2,808,145	(273,097)	2,535,048
21	Total - Central Management	9,882,523	(834,835)	9,047,688
22	<i>Children's Behavioral Health Services</i>			
23	General Revenues	5,004,800	192,692	5,197,492
24	Federal Funds	4,828,525	2,091,512	6,920,037
25	Other Funds			
26	Rhode Island Capital Plan Funds			
27	NAFI Center	0	40,857	40,857
28	Various Repairs and Improvements to Training			
29	School	250,000	(207,184)	42,816
30	Total - Children's Behavioral Health Services	10,083,325	2,117,877	12,201,202
31	<i>Juvenile Correctional Services</i>			
32	General Revenues	24,927,098	(2,357,670)	22,569,428
33	Federal Funds	281,367	(1,977)	279,390
34	Restricted Receipts	0	38,700	38,700

1	Other Funds			
2	Rhode Island Capital Plan Funds			
3				
4	Generators-RITS	0	50,000	50,000
5	Total - Juvenile Correctional Services	25,208,465	(2,270,947)	22,937,518
6	<i>Child Welfare</i>			
7	General Revenues	114,567,488	(10,396,823)	104,170,665
8	18 to 21 Year Olds	0	17,646,106	17,646,106
9	Federal Funds			
10	Federal Funds	52,104,852	(8,333,392)	43,771,460
11	18 to 21 Year Olds	0	3,295,085	3,295,085
12	Federal Funds – Stimulus	386,594	(386,594)	0
13	Restricted Receipts	3,466,576	(280,503)	3,186,073
14	Other Funds			
15	Rhode Island Capital Plan Funds			
16	Youth Group Homes - Fire Code Upgrades	590,000	(590,000)	0
17	Total - Child Welfare	171,115,510	953,879	172,069,389
18	<i>Higher Education Incentive Grants</i>			
19	General Revenues	200,000	0	200,000
20	Grand Total - Children, Youth, & Families	216,489,823	(34,026)	216,455,797
21	Health			
22	<i>Central Management</i>			
23	General Revenues	0	100,000	100,000
24	Federal Funds	808,064	(40,501)	767,563
25	Restricted Receipts	4,043,053	233,523	4,276,576
26	Total - Central Management	4,851,117	293,022	5,144,139
27	<i>Community Health and Equity</i>			
28	General Revenues	1,530,102	3,315	1,533,417
29	Federal Funds	74,019,207	(1,955,235)	72,063,972
30	Restricted Receipts	30,434,862	4,052,650	34,487,512
31	Total – Community Health and Equity	105,984,171	2,100,730	108,084,901
32	<i>Environmental Health</i>			
33	General Revenues	5,169,143	(135,761)	5,033,382
34	Federal Funds	6,148,955	1,263,125	7,412,080

1	Restricted Receipts	386,415	(216,308)	170,107
2	Total - Environmental Health	11,704,513	911,056	12,615,569
3	<i>Health Laboratories and Medical Examiner</i>			
4	General Revenues	10,028,498	(34,550)	9,993,948
5	Federal Funds	2,129,140	18,869	2,148,009
6	Total - Health Laboratories &			
7	Medical Examiner	12,157,638	(15,681)	12,141,957
8	<i>Customer Services</i>			
9	General Revenues	6,363,621	(52,808)	6,310,813
10	Federal Funds	3,491,908	772,327	4,264,235
11	Restricted Receipts	1,142,254	125,479	1,267,733
12	Total – Customer Services	10,997,783	844,998	11,842,781
13	<i>Policy, Information and Communications</i>			
14	General Revenues	937,935	(279,707)	658,228
15	Federal Funds	1,629,319	417,348	2,046,667
16	Restricted Receipts	581,225	61,242	642,467
17	Total – Policy, Information and			
18	Communications	3,148,479	198,883	3,347,362
19	<i>Preparedness, Response, Infectious Disease & Emergency Services</i>			
20	General Revenues	1,902,523	(33,076)	1,869,447
21	Federal Funds	12,138,428	2,747,331	14,885,759
22	Total – Preparedness, Response, Infectious			
23	Disease & Emergency Services	14,040,951	2,714,255	16,755,206
24	Grand Total – Health	162,884,652	7,047,263	169,931,915

25 **Human Services**

26 *Central Management*

27	General Revenues	4,332,023	(1,012,389)	3,319,634
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28 Of this amount, \$300,000 is to support the Domestic Violence Prevention Fund to provide
29 direct services through the Coalition Against Domestic Violence, \$250,000 is to support Project
30 Reach activities provided by the RI Alliance of Boys and Girls Club, \$217,000 is for outreach and
31 supportive services through Day One, \$175,000 is for food collection and distribution through the
32 Rhode Island Community Food Bank, \$300,000 for services provided to the homeless at Crossroads
33 Rhode Island and \$200,000 is to support the Institute for the Study and Practice of Nonviolence’s
34 Violence Reduction Strategy.

1	Community Action Fund	520,000	0	520,000
2	This amount shall be used to provide services to individuals and families through the nine			
3	community action agencies.			
4	Federal Funds	4,155,192	(216,316)	3,938,876
5	Restricted Receipts	520,844	468,207	989,051
6	Total - Central Management	9,528,059	(760,498)	8,767,561
7	<i>Child Support Enforcement</i>			
8	General Revenues	3,314,623	(845,961)	2,468,662
9	Federal Funds	6,207,167	778,764	6,985,931
10	Total – Child Support Enforcement	9,521,790	(67,197)	9,454,593
11	<i>Individual and Family Support</i>			
12	General Revenues	18,876,650	3,249,548	22,126,198
13	Federal Funds	83,381,849	19,589,160	102,971,009
14	Federal Funds – Stimulus	1,625,839	2,234,952	3,860,791
15	Restricted Receipts	394,399	131,251	525,650
16	Other Funds			
17	Intermodal Surface Transportation Fund	4,428,478	0	4,428,478
18	Food Stamp Bonus Funding	500,000	(89,466)	410,534
19	Rhode Island Capital Plan Funds			
20	Blind Vending Facilities	165,000	0	165,000
21	Total - Individual and Family Support	109,372,215	25,115,445	134,487,660
22	<i>Office of Veterans' Affairs</i>			
23	General Revenues	20,504,694	(886,579)	19,618,115
24	Support services through Veterans'			
25	Organizations	200,000	0	200,000
26	Federal Funds	19,268,534	38,818,310	58,086,844
27	Restricted Receipts	676,499	1,132,526	1,809,025
28	Total – Office of Veterans' Affairs	40,649,727	39,064,257	79,713,984
29	<i>Health Care Eligibility</i>			
30	General Revenues	8,527,641	(1,832,835)	6,694,806
31	Federal Funds	10,650,014	(982,165)	9,667,849
32	Total - Health Care Eligibility	19,177,655	(2,815,000)	16,362,655
33	<i>Supplemental Security Income Program</i>			
34	General Revenues	18,496,913	418,750	18,915,663

1	<i>Rhode Island Works</i>			
2	General Revenues	14,747,241	(4,886,622)	9,860,619
3	Federal Funds	78,203,704	4,344,690	82,548,394
4	Total – Rhode Island Works	92,950,945	(541,932)	92,409,013
5	<i>State Funded Other Programs</i>			
6	General Revenues	1,582,800	(11,097)	1,571,703
7	Of this appropriation, \$210,000 <u>\$180,000</u> shall be used for hardship contingency payments.			
8	Federal Funds	282,085,000	(24,569)	282,060,431
9	Total - State Funded <u>Other</u> Programs	283,667,800	(35,666)	283,632,134
10	<i>Elderly Affairs</i>			
11	General Revenues	5,477,200	(53,536)	5,423,664
12	Of this amount, \$140,000 is to provide elder services, including respite, through the			
13	Diocese of Providence, \$40,000 for ombudsman services provided by the Alliance for Long Term			
14	Care in accordance with RIGL 42-66.7 and \$85,000 for security for housing for the elderly in			
15	accordance with RIGL 42-66.1-3.			
16	Senior Center Support	400,000	0	400,000
17	Elderly Nutrition	580,000	0	580,000
18	Of this amount, \$530,000 is for Meals on Wheels.			
19	RIPAE	75,229	(75,229)	0
20	Care and Safety of the Elderly	1,300	0	1,300
21	Federal Funds	12,067,597	646,413	12,714,010
22	Restricted Receipts - RIPAE	120,693	370	121,063
23	Total – Elderly Affairs	18,722,019	518,018	19,240,037
24	Grand Total - Human Services	602,087,123	60,896,177	662,983,300
25	Behavioral Healthcare, Developmental Disabilities, and Hospitals			
26	<i>Central Management</i>			
27	General Revenues	1,097,743	545,280	1,643,023
28	Federal Funds	597,685	(597,685)	0
29	Total - Central Management	1,695,428	(52,405)	1,643,023
30	<i>Hospital and Community System Support</i>			
31	General Revenues	1,474,964	575,071	2,050,035
32	Federal Funds	789,226	(789,226)	0
33	Other Funds			
34	Rhode Island Capital Plan Funds			

1	Medical Center Rehabilitation	250,000	2,204	252,204
2	Community Facilities Fire Code	400,000	(357,800)	42,200
3	Total - Hospital & Community System Support	2,914,190	(569,751)	2,344,439
4	<i>Services for the Developmentally Disabled</i>			
5	General Revenues	119,651,536	2,159,931	121,811,467
6	Of this general revenue funding, \$4.5 million shall be expended on private provider direct			
7	support staff raises and associated payroll costs to include targeted increases associated with			
8	performance-based contracting and system transformation incentives as authorized by the			
9	Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. Any increases			
10	for direct support staff in residential or other community based settings must first receive the			
11	approval of the Office of Management and Budget and the Executive Office of Health and Human			
12	Services. Final approval of any funding re-design for services through the Division of			
13	Developmental Disabilities is also subject to approval of the Executive Office and the Office of			
14	Management and Budget.			
15	Federal Funds	124,135,783	1,123,253	125,259,036
16	Restricted Receipts	1,755,100	117,460	1,872,560
17	Other Funds			
18	Rhode Island Capital Plan Funds			
19	DD Private Waiver	200,000	9,544	209,544
20	MR Community Facilities/Access to Ind.	500,000	0	500,000
21	Regional Center Repair/Rehab	0	474,363	474,363
22	Total - Services for the Developmentally			
23	Disabled	246,242,419	3,884,551	250,126,970
24	<i>Behavioral Healthcare Services</i>			
25	General Revenues	2,015,777	202,627	2,218,404
26	Federal Funds	17,235,690	3,976,945	21,212,635
27	Of this federal funding, \$900,000 shall be expended on the Municipal Substance Abuse			
28	Task Forces and \$128,000 shall be expended on NAMI of RI.			
29	Restricted Receipts	100,000	0	100,000
30	Other Funds			
31	Rhode Island Capital Plan Funds			
32	MH Community Facilities Repair	200,000	0	200,000
33	MH Housing Development Thresholds	800,000	0	800,000
34	Substance Abuse Asset Protection	100,000	62,223	162,223

1	Total – Behavioral Healthcare Services	20,451,467	4,241,795	24,693,262
2	<i>Hospital and Community Rehabilitative Services</i>			
3	General Revenues	48,944,219	1,250,759	50,194,978
4	Federal Funds	50,280,372	2,299,930	52,580,302
5	Restricted Receipts	6,580,724	(44,129)	6,536,595
6	Other Funds			
7	Rhode Island Capital Plan Funds			
8	Zambarano Buildings and Utilities	386,000	(186,000)	200,000
9	Hospital Consolidation	1,000,000	(1,000,000)	0
10	Eleanor Slater HVAC/Elevators	5,837,736	(315,706)	5,522,030
11	MR Community Facilities	1,000,000	59,429	1,059,429
12	Hospital Equipment	300,000	(50,000)	250,000
13	Total - Hospital and Community Rehabilitative			
14	Services	114,329,051	2,014,283	116,343,334
15	Grand Total – Behavioral Healthcare,			
16	Developmental Disabilities, and			
17	Hospitals	385,632,555	9,518,473	395,151,028
18	Office of the Child Advocate			
19	General Revenues	650,582	(105,041)	545,541
20	Federal Funds	145,000	(386)	144,614
21	Grand Total – Office of the Child Advocate	795,582	(105,427)	690,155
22	Commission on the Deaf and Hard of Hearing			
23	General Revenues	477,746	(42,096)	435,650
24	Restricted Receipts	110,000	20,000	130,000
25	Grand Total – Com on Deaf and Hard			
26	of Hearing	587,746	(22,096)	565,650
27	Governor's Commission on Disabilities			
28	General Revenues	412,547	8,049	420,596
29	Federal Funds	228,750	69,314	298,064
30	Restricted Receipts	44,126	15,234	59,360
31	Grand Total - Governor's Commission on			
32	Disabilities	685,423	92,597	778,020
33	Office of the Mental Health Advocate			
34	General Revenues	542,009	7,264	549,273

1 **Elementary and Secondary Education**

2 *Administration of the Comprehensive Education Strategy*

3	General Revenues	20,555,594	(349,851)	20,205,743
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4 Provided that \$90,000 be allocated to support the hospital school at Hasbro Children's
 5 Hospital pursuant to Rhode Island General Law, Section 16-7-20 and that \$245,000 be allocated to
 6 support child opportunity zones through agreements with the department of elementary and
 7 secondary education to strengthen education, health and social services for students and their
 8 families as a strategy to accelerate student achievement.

9 **Federal Funds**

10	Federal Funds	202,791,134	(918,097)	201,873,037
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11	Federal Funds – Stimulus	1,804,987	2,188,102	3,993,089
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12	Restricted Receipts	1,264,259	165,727	1,429,986
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13	HRIC Adult Education Grants	3,500,000	0	3,500,000
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14 **Other Funds**

15 **Rhode Island Capital Plan Funds**

16	State-Owned Warwick	350,000	0	350,000
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17	State-Owned Woonsocket	1,950,000	0	1,950,000
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18 **Total – Administration of the Comprehensive**

19	Education Strategy	232,215,974	1,085,881	233,301,855
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20 *Davies Career and Technical School*

21	General Revenues	12,590,093	0	12,590,093
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22	Federal Funds	1,379,112	75,891	1,455,003
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23	Restricted Receipts	3,936,872	(4,200)	3,932,672
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24 **Other Funds**

25 **Rhode Island Capital Plan Funds**

26	Davies HVAC	500,000	(476,192)	23,808
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27	Davies Asset Protection	150,000	327,911	477,911
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28	Total - Davies Career & Technical School	18,556,077	(76,590)	18,479,487
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29 *RI School for the Deaf*

30	General Revenues	6,326,744	(137,533)	6,189,211
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31	Federal Funds	254,320	0	254,320
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32	Restricted Receipts	785,791	(8,000)	777,791
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33 **Other Funds**

34	RI School for the Deaf Transformation Grants	59,000	0	59,000
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1	Total - RI School for the Deaf	7,425,855	(145,533)	7,280,322
2	<i>Metropolitan Career and Technical School</i>			
3	General Revenues	9,342,007	0	9,342,007
4	Other Funds			
5	Rhode Island Capital Plan Funds			
6	MET Asset Protection	100,000	100,000	200,000
7	MET School HVAC	1,000,000	(41,004)	958,996
8	Total – Metropolitan Career and			
9	Technical School	10,442,007	58,996	10,501,003
10	<i>Education Aid</i>			
11	General Revenues	845,855,695	(256,966)	845,598,729
12	Restricted Receipts	20,700,072	155,254	20,855,326
13	Other Funds			
14	Permanent School Fund Education Aid	600,000	(100,000)	500,000
15	Total – Education Aid			
16	Central Falls School District	867,155,767	(201,712)	866,954,055
17	<i>Central Falls School District</i>			
17	General Revenues	39,100,578	0	39,100,578
18	<i>School Construction Aid</i>			
19	General Revenues			
20	School Housing Aid	70,907,110	(2,015,552)	68,891,558
21	School Building Authority Capital Fund	9,092,890	2,015,552	11,108,442
22	Total – School Construction Aid			
23	Teachers' Retirement	80,000,000	0	80,000,000
24	<i>Teachers' Retirement</i>			
24	General Revenues	99,076,582	1,145,659	100,222,241
25	Grand Total - Elementary and Secondary			
26	Education	1,353,972,840	1,866,701	1,355,839,541
27	Public Higher Education			
28	<i>Office of Postsecondary Commissioner</i>			
29	General Revenues	6,298,407	(130,522)	6,167,885

30 Provided that \$355,000 shall be allocated to Rhode Island ~~Children's~~ [College](#) Crusade
31 pursuant to Rhode Island General Law, Section 16-70-5 and that \$30,000 shall be allocated to Best
32 Buddies Rhode Island to support its programs for children with developmental and intellectual
33 disabilities.

34 Appropriations to the Office of Postsecondary Commissioner of seven hundred and fifty

1 thousand (\$750,000) are to be used for the Westerly Higher Education and Industry Center. Funds
 2 shall only be spent to secure a long-term lease of the facility.

3 Federal Funds

4	Federal Funds	9,445,218	521,753	9,966,971
5	WaytogoRI Portal	863,629	48,754	912,383
6	Guaranty Agency Operating Fund -			
7	Scholarships and Grants	4,000,000	0	4,000,000
8	Restricted Receipts	361,925	494,848	856,773
9	Other Funds			
10	Tuition Savings Program – Dual Enrollment	1,300,000	0	1,300,000
11	Tuitions Savings Program – Scholarships/Grants	6,095,000	0	6,095,000
12	Nursing Education Center - Operating	0	1,106,666	1,106,666
13	Rhode Island Capital Plan Funds			
14	Westerly Campus	2,000,000	0	2,000,000
15	Total – Office of the Postsecondary			
16	Commissioner	30,364,179	2,041,499	32,405,678

17 *University of Rhode Island*

18 General Revenues

19	General Revenues	75,616,226	0	75,616,226
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20 Provided that in order to leverage federal funding and support economic development,
 21 \$250,000 shall be allocated to the Small Business Development Center and \$250,000 shall be
 22 allocated to the Polaris Manufacturing Extension Program, and that \$50,000 shall be allocated to
 23 Special Olympics Rhode Island to support its mission of providing athletic opportunities for
 24 individuals with intellectual and developmental disabilities.

25 The University shall not decrease internal student financial aid in the 2016 – 2017 academic
 26 year below the level of the 2015 – 2016 academic year. The President of the institution shall report,
 27 prior to the commencement of the 2016-2017 academic year, to the chair of the Council of
 28 Postsecondary Education that such tuition charges and student aid levels have been achieved at the
 29 start of the FY 2017 as prescribed above.

30	Debt Service	13,182,679	2,303,038	15,485,717
31	RI State Forensics Lab	1,071,393	0	1,071,393
32	Other Funds			
33	University and College Funds	649,629,440	(18,701,995)	630,927,445
34	Debt – Dining Services	1,106,597	0	1,106,597

1	Debt – Education and General	3,786,661	(189,456)	3,597,205
2	Debt – Health Services	146,167	0	146,167
3	Debt – Housing Loan Funds	11,751,883	(1,147,285)	10,604,598
4	Debt – Memorial Union	319,976	0	319,976
5	Debt – Ryan Center	2,789,719	0	2,789,719
6	Debt – Alton Jones Services	102,946	0	102,946
7	Debt - Parking Authority	1,042,907	0	1,042,907
8	Debt – Sponsored Research	85,105	(192)	84,913
9	Debt – Restricted Energy Conservation	810,170	(205,088)	605,082
10	Debt – URI Energy Conservation	2,021,187	(51,187)	1,970,000
11	Rhode Island Capital Asset Plan Funds			
12	Asset Protection	13,556,000	0	13,556,000
13	URI Shepard Building Upgrades	95,000	(95,000)	0
14	URI/RIC Nursing Education Center	200,000	101,859	301,859
15	White Hall Renovations	0	419,130	419,130
16	URI Electrical Substation	0	1,382,650	1,382,650
17	URI Biotech Center	0	156,439	156,439
18	URI Fire Safety	0	2,552,968	2,552,968
19	Total – University of Rhode Island	777,314,056	(13,474,119)	763,839,937
20	Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or			
21	unencumbered balances as of June 30, 2016 2017 relating to the University of Rhode Island are			
22	hereby reappropriated to fiscal year 2017 2018 .			
23	<i>Rhode Island College</i>			
24	General Revenues			
25	General Revenues	46,996,330	0	46,996,330
26	Rhode Island College shall not decrease internal student financial aid in the 2016 – 2017			
27	academic year below the level of the 2015 – 2016 academic year. The President of the institution			
28	shall report, prior to the commencement of the 2016 – 2017 academic year, to the chair of the			
29	Council of Postsecondary Education that such tuition charges and student aid levels have been			
30	achieved at the start of FY 2017 as prescribed above.			
31	Debt Service	2,565,254	(55,863)	2,509,391
32	Other Funds			
33	University and College Funds	125,192,812	(4,999,717)	120,193,095
34	Debt – Education and General	880,568	256,275	1,136,843

1	Debt – Housing	368,195	1	368,196
2	Debt – Student Center and Dining	154,068	0	154,068
3	Debt – Student Union	235,656	0	235,656
4	Debt – G.O. Debt Service	1,644,459	(3,000)	1,641,459
5	Debt – Energy Conservation	256,275	0	256,275
6	Rhode Island Capital Plan Funds			
7	Asset Protection	5,357,700	482,417	5,840,117
8	Infrastructure Modernization	3,000,000	(245,299)	2,754,701
9	Total – Rhode Island College	186,651,317	(4,565,186)	182,086,131

10 Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or
11 unencumbered balances as of June 30, ~~2016~~ [2017](#) relating to Rhode Island College are hereby
12 reappropriated to fiscal year ~~2017~~ [2018](#).

13 *Community College of Rhode Island*

14	General Revenues			
15	General Revenues	48,936,035	0	48,936,035

16 The Community College of Rhode Island shall not decrease internal student financial aid
17 in the 2016 – 2017 academic year below the level of the 2015-2016 academic year. The President
18 of the institution shall report, prior to the commencement of the 2016 – 2017 academic year, to the
19 chair of the Council of Postsecondary Education that such tuition charges and student aid levels
20 have been achieved at the start of FY 2017 as prescribed above.

21	Debt Service	1,691,204	(47,755)	1,643,449
22	Restricted Receipts	660,795	0	660,795
23	Other Funds			
24	University and College Funds	107,824,292	(11,234,777)	96,589,515
25	CCRI Debt Service – Energy Conservation	807,225	0	807,225
26	Rhode Island Capital Plan Funds			
27	Asset Protection	3,032,100	0	3,032,100
28	Knight Campus Renewal	4,000,000	1,223,902	5,223,902
29	Total – Community College of RI	166,951,651	(10,058,630)	156,893,021

30 Notwithstanding the provisions of section 35-3-15 of the general laws, all unexpended or
31 unencumbered balances as of June 30, ~~2016~~ [2017](#) relating to the Community College of Rhode
32 Island are hereby reappropriated to fiscal year ~~2017~~ [2018](#).

33	Grand Total – Public Higher Education	1,161,281,203	(26,056,436)	1,135,224,767
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34 **RI State Council on the Arts**

1	General Revenues			
2	Operating Support	786,884	(45,516)	741,368
3	Grants	1,165,000	0	1,165,000
4	Provided that \$375,000 be provided to support the operational costs of WaterFire			
5	Providence art installations.			
6	Federal Funds	775,454	11,274	786,728
7	Restricted Receipts	0	25,000	25,000
8	Other Funds	303,200	677,500	980,700
9	Grand Total - RI State Council on the Arts	3,030,538	668,258	3,698,796
10	RI Atomic Energy Commission			
11	General Revenues	981,100	(1,418)	979,682
12	Federal Funds	32,422	196,441	228,863
13	Other Funds			
14	URI Sponsored Research	269,527	1,072	270,599
15	Rhode Island Capital Plan Funds			
16	RINSC Asset Protection	50,000	9,895	59,895
17	Grand Total - RI Atomic Energy			
18	Commission	1,333,049	205,990	1,539,039
19	RI Historical Preservation and Heritage Commission			
20	General Revenues	1,202,559	(40,558)	1,162,001
21	Provided that \$30,000 support the operational costs of the Fort Adams Trust's restoration			
22	activities.			
23	Federal Funds	1,093,966	453,062	1,547,028
24	Restricted Receipts	427,175	2,025	429,200
25	Other Funds			
26	RIDOT – Project Review	79,998	(144)	79,854
27	Grand Total – RI Historical Preservation			
28	and Heritage Commission	2,803,698	414,385	3,218,083
29	Attorney General			
30	<i>Criminal</i>			
31	General Revenues	15,675,925	64,619	15,740,544
32	Federal Funds	1,692,545	17,062,752	18,755,297
33	Restricted Receipts	6,637,954	(6,480,312)	157,642
34	Total – Criminal	24,006,424	10,647,059	34,653,483

1	<i>Civil</i>			
2	General Revenues	5,135,543	398,036	5,533,579
3	Restricted Receipts	916,302	(313,433)	602,869
4	Total – Civil	6,051,845	84,603	6,136,448
5	<i>Bureau of Criminal Identification</i>			
6	General Revenues	1,758,215	(177,526)	1,580,689
7	<i>General</i>			
8	General Revenues	3,026,299	1,039	3,027,338
9	Other Funds			
10	Rhode Island Capital Plan Funds			
11	Building Renovations and Repairs	300,000	(132,470)	167,530
12	Total – General	3,326,299	(131,431)	3,194,868
13	Grand Total - Attorney General	35,142,783	10,422,705	45,565,488
14	Corrections			
15	<i>Central Management</i>			
16	General Revenues	10,179,627	(81,130)	10,098,497
17	Federal Funds	0	59,219	59,219
18	Total – Central Management	10,179,627	(21,911)	10,157,716
19	<i>Parole Board</i>			
20	General Revenues	1,338,481	82,301	1,420,782
21	Federal Funds	14,006	96,978	110,984
22	Total – Parole Board	1,352,487	179,279	1,531,766
23	<i>Custody and Security</i>			
24	General Revenues	133,857,240	2,409,629	136,266,869
25	Federal Funds	571,759	338,831	910,590
26	Total – Custody and Security	134,428,999	2,748,460	137,177,459
27	<i>Institutional Support</i>			
28	General Revenues	15,822,911	(1,393,133)	14,429,778
29	Other Funds			
30	Rhode Island Capital Plan Funds			
31	Asset Protection	3,750,000	(462,031)	3,287,969
32	Maximum – General Renovations	1,300,000	(475,747)	824,253
33	New Gloria McDonald	150,000	(148,867)	1,133
34	Dix Building Renovations	750,000	(438,934)	311,066

1	ISC Exterior Envelope and HVAC	1,700,000	(1,700,000)	0
2	Medium Infrastructure	4,000,000	(3,565,000)	435,000
3	Correctional Facilities Study	250,000	0	250,000
4	Total - Institutional Support	27,722,911	(8,183,712)	19,539,199
5	<i>Institutional Based Rehab/Population Management</i>			
6	General Revenues	11,599,533	114,039	11,713,572
7	Federal Funds	527,398	216,485	743,883
8	Restricted Receipts	44,023	0	44,023
9	Total – Institutional Based Rehab/Pop/Mgt.	12,170,954	330,524	12,501,478
10	<i>Healthcare Services</i>			
11	General Revenues	21,909,573	755,829	22,665,402
12	<i>Community Corrections</i>			
13	General Revenues	16,993,141	39,329	17,032,470
14	Provided that \$250,000 be allocated to Crossroads Rhode Island for sex offender discharge			
15	planning.			
16	Federal Funds	16,845	78,049	94,894
17	Restricted Receipts	16,118	1,195	17,313
18	Total – Community Corrections	17,026,104	118,573	17,144,677
19	Grand Total – Corrections	224,790,655	(4,072,958)	220,717,697
20	Judiciary			
21	<i>Supreme Court</i>			
22	General Revenues			
23	General Revenues	27,510,065	922,853	28,432,918
24	Provided however, that no more than \$1,056,438 in combined total shall be offset to the			
25	Public Defender’s Office, the Attorney General’s Office, the Department of Corrections, the			
26	Department of Children Youth and Families, and the Department of Public Safety for square-			
27	footage occupancy costs in public courthouses and further provided that \$230,000 be allocated to			
28	the Rhode Island Coalition Against Domestic Violence for the domestic abuse court advocacy			
29	project pursuant to Rhode Island General Law, Section 12-29-7 and that \$90,000 be allocated to			
30	Rhode Island Legal Services, Inc. to provide housing and eviction defense to indigent individuals.			
31	Defense of Indigents	3,784,406	18,760	3,803,166
32	Federal Funds	128,933	(6,590)	122,343
33	Restricted Receipts	3,076,384	1,625,945	4,702,329
34	Other Funds			

1	Rhode Island Capital Plan Funds			
2	Judicial HVAC	900,000	180,072	1,080,072
3	Judicial Complexes Asset Protection	875,000	(6,386)	868,614
4	Licht Judicial Complex Restoration	750,000	0	750,000
5	Noel Shelled Courtroom Build Out	3,000,000	(1,244,930)	1,755,070
6	Total - Supreme Court	40,024,788	1,489,724	41,514,512
7	<i>Judicial Tenure and Discipline</i>			
8	General Revenues	124,865	(376)	124,489
9	<i>Superior Court</i>			
10	General Revenues	22,807,060	85,630	22,892,690
11	Federal Funds	51,290	48,968	100,258
12	Restricted Receipts	371,741	(1,188)	370,553
13	Total - Superior Court	23,230,091	133,410	23,363,501
14	<i>Family Court</i>			
15	General Revenues	21,495,610	(1,052,179)	20,443,431
16	Federal Funds	2,770,714	502,407	3,273,121
17	Total - Family Court	24,266,324	(549,772)	23,716,552
18	<i>District Court</i>			
19	General Revenues	11,865,905	561,999	12,427,904
20	Federal Funds	303,154	149,453	452,607
21	Restricted Receipts	138,045	(71,686)	66,359
22	Total - District Court	12,307,104	639,766	12,946,870
23	<i>Traffic Tribunal</i>			
24	General Revenues	9,018,180	(75,188)	8,942,992
25	<i>Workers' Compensation Court</i>			
26	Restricted Receipts	8,096,017	(84,731)	8,011,286
27	Grand Total – Judiciary	117,067,369	1,552,833	118,620,202
28	Military Staff			
29	General Revenues	2,659,719	(83,378)	2,576,341
30	Federal Funds	17,497,797	(417,684)	17,080,113
31	Restricted Receipts			
32	RI Military Family Relief Fund	300,000	(200,000)	100,000
33	Counter Drug Asset Forfeiture	37,300	(37,300)	0
34	Other Funds			

1	Rhode Island Capital Plan Funds			
2	Armory of Mounted Command Roof Replacement	357,500	(224,775)	132,725
3	Asset Protection	700,000	108,202	808,202
4	Benefit Street Arsenal Rehabilitation	0	37,564	37,564
5	Bristol Readiness Center	125,000	(125,000)	0
6	Joint Force Headquarters Building	1,500,000	(1,425,000)	75,000
7	Grand Total – Military Staff	23,177,316	(2,367,371)	20,809,945
8	Public Safety			
9	<i>Central Management</i>			
10	General Revenues	1,407,618	(285,197)	1,122,421
11	Federal Funds	5,398,633	2,845,956	8,244,589
12	Total – Central Management	6,806,251	2,560,759	9,367,010
13	<i>E-911 Emergency Telephone System</i>			
14	General Revenues	5,699,440	(215,576)	5,483,864
15	<i>State Fire Marshal</i>			
16	General Revenues	3,248,953	157,360	3,406,313
17	Federal Funds	425,169	(6,263)	418,906
18	Restricted Receipts	195,472	114,157	309,629
19	Other Funds			
20	Quonset Development Corp	62,294	(8,781)	53,513
21	Rhode Island Capital Plan Funds			
22	Fire Academy	1,215,000	1,629,189	2,844,189
23	Total - State Fire Marshal	5,146,888	1,885,662	7,032,550
24	<i>Security Services</i>			
25	General Revenues	23,162,912	314,561	23,477,473
26	<i>Municipal Police Training Academy</i>			
27	General Revenues	263,746	(965)	262,781
28	Federal Funds	222,395	115,945	338,340
29	Total - Municipal Police Training Academy	486,141	114,980	601,121
30	<i>State Police</i>			
31	General Revenues	65,659,479	923,508	66,582,987
32	Federal Funds	3,246,194	19,929,465	23,175,659
33	Restricted Receipts	4,256,598	(4,094,052)	162,546
34	Other Funds			

1	Lottery Commission Assistance	1,611,348	(501,155)	1,110,193
2	Airport Commission Assistance	212,221	(62,221)	150,000
3	Road Construction Reimbursement	2,934,672	0	2,934,672
4	Weight & Measurement Reimbursement	0	440,000	440,000
5	Rhode Island Capital Plan Funds			
6	DPS Asset Protection	250,000	410,479	660,479
7	Wickford Barracks Renovation	500,000	(500,000)	0
8	Lincoln Woods Barracks Renovations	0	511,345	511,345
9	State Police Barracks/Training Academy	0	191,244	191,244
10	Total - State Police	78,670,512	17,248,613	95,919,125
11	Grand Total – Public Safety	119,972,144	21,908,999	141,881,143
12	Emergency Management Agency			
13	General Revenues	1,848,876	(1,028)	1,847,848
14	Federal Funds	20,094,466	(2,148,112)	17,946,354
15	Restricted Receipts	861,046	(412,934)	448,112
16	Other Funds			
17	Rhode Island Capital Plan Funds			
18	Emergency Management Building	189,750	0	189,750
19	Rhode Island State Communication Network	1,000,000	494,414	1,494,414
20	Grand Total – Emergency Management Agency	23,994,138	(2,067,660)	21,926,478
21	Office of Public Defender			
22	General Revenues	11,784,382	(82,174)	11,702,208
23	Federal Funds	112,820	(15,000)	97,820
24	Grand Total - Office of Public Defender	11,897,202	(97,174)	11,800,028
25	Environmental Management			
26	<i>Office of the Director</i>			
27	General Revenues	5,165,334	351,172	5,516,506
28	Provided that \$200,000 be allocated to the Town of North Providence for its Eliot Avenue			
29	flooding and drainage remediation project.			
30	Restricted Receipts	3,901,548	191,256	4,092,804
31	Total – Office of the Director	9,066,882	542,428	9,609,310
32	<i>Natural Resources</i>			
33	General Revenues	21,124,014	7,851	21,131,865
34	Federal Funds	20,047,496	2,691,502	22,738,998

1	Restricted Receipts	6,121,231	(2,063,948)	4,057,283
2	Other Funds			
3	DOT Recreational Projects	909,926	762,000	1,671,926
4	Blackstone Bikepath Design	2,059,579	0	2,059,579
5	Transportation MOU	78,350	0	78,350
6	Rhode Island Capital Plan Funds			
7	Dam Repair	1,230,000	(975,805)	254,195
8	Fort Adams America's Cup	1,400,000	69,851	1,469,851
9	Recreational Facilities Improvements	3,100,000	2,589,289	5,689,289
10	Galilee Piers Upgrade	250,000	61,611	311,611
11	Newport Piers	187,500	(50,000)	137,500
12	Fish & Wildlife Maintenance Facilities	150,000	(150,000)	0
13	Blackstone Valley Bike Path	300,000	93,348	393,348
14	Natural Resources Offices/Visitor's Center	3,500,000	(3,487,741)	12,259
15	Marine Infrastructure/Pier Development	100,000	0	100,000
16	State Recreation Building Demolition	100,000	0	100,000
17	Fort Adams Rehabilitation	300,000	1,625	301,625
18	World War II Facility	0	128,715	128,715
19	Rocky Point Acquisitions/Renovations	0	116,992	116,992
20	Total - Natural Resources	60,958,096	(204,710)	60,753,386
21	<i>Environmental Protection</i>			
22	General Revenues	13,917,429	(2,270,350)	11,647,079
23	Federal Funds	9,681,296	1,735,701	11,416,997
24	Restricted Receipts	8,959,177	91,032	9,050,209
25	Other Funds			
26	Transportation MOU	164,734	0	164,734
27	Total - Environmental Protection	32,722,636	(443,617)	32,279,019
28	Grand Total - Environmental Management	102,747,614	(105,899)	102,641,715
29	Coastal Resources Management Council			
30	General Revenues	2,452,438	17,458	2,469,896
31	Federal Funds	4,148,312	1,069,762	5,218,074
32	Restricted Receipts	250,000	0	250,000
33	Other Funds			
34	Rhode Island Capital Plan Funds			

1	South Coast Restoration Project	321,775	0	321,775
2	RI Coastal Storm Risk Study	150,000	(150,000)	0
3	Grand Total - Coastal Resources Mgmt. Council	7,322,525	937,220	8,259,745
4	Transportation			
5	<i>Central Management</i>			
6	Federal Funds	6,610,622	2,091,989	8,702,611
7	Other Funds			
8	Gasoline Tax	2,593,920	1,929,187	4,523,107
9	Total – Central Management	9,204,542	4,021,176	13,225,718
10	<i>Management and Budget</i>			
11	Other Funds			
12	Gasoline Tax	3,009,298	1,089,405	4,098,703
13	<i>Infrastructure Engineering – GARVEE/Motor Fuel Tax Bonds</i>			
14	Federal Funds			
15	Federal Funds	260,384,515	(12,655,581)	247,728,934
16	Federal Funds – Stimulus	5,414,843	11,116,418	16,531,261
17	Restricted Receipts	180,219	3,429,934	3,610,153
18	Other Funds			
19	Gasoline Tax	72,131,457	3,633,644	75,765,101
20	Land Sale Revenue	2,500,000	41,771	2,541,771
21	Rhode Island Capital Plan Funds			
22	RIPTA Land and Buildings	120,000	142,696	262,696
23	Highway Improvement Program	27,200,000	5,251,346	32,451,346
24	T.F. Green Airport Improvement	0	3,000,000	3,000,000
25	Total – Infrastructure Engineering			
26	GARVEE/Motor Fuel Tax Bonds	367,931,034	13,960,228	381,891,262
27	<i>Infrastructure Maintenance</i>			
28	Other Funds			
29	Gasoline Tax	12,846,800	(4,429,206)	8,417,594
30	Non-Land Surplus Property	50,000	0	50,000
31	Outdoor Advertising	100,000	0	100,000
32	Rhode Island Highway Maintenance Account	79,792,727	30,409,402	110,202,129
33	Rhode Island Capital Plan Funds			
34	Maintenance Facilities Improvements	400,000	0	400,000

1	Salt Storage Facilities	1,000,000	(538,066)	461,934
2	Portsmouth Facility	2,273,444	1,075,256	3,348,700
3	Maintenance-Capital Equip. Replacement	1,500,000	0	1,500,000
4	Train Station Maintenance and Repairs	350,000	0	350,000
5	Total – Infrastructure Maintenance	98,312,971	26,517,386	124,830,357
6	Grand Total – Transportation	478,457,845	45,588,195	524,046,040
7	Statewide Totals			
8	General Revenues	3,683,715,867	4,653,148	3,688,369,015
9	<u>General Revenues</u>	<u>3,683,715,867</u>	<u>2,753,148</u>	<u>3,686,469,015</u>
10	Federal Funds	2,957,075,656	227,565,479	3,184,641,135
11	Restricted Receipts	257,000,390	19,270,943	276,271,333
12	Other Funds	2,040,921,480	13,165,423	2,054,086,903
13	Statewide Grand Total	8,938,713,393	264,654,993	9,203,368,386
14	<u>Statewide Grand Total</u>	<u>8,938,713,393</u>	<u>262,754,993</u>	<u>9,201,468,386</u>

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

17 SECTION 3. The general assembly authorizes the state controller to establish the internal
18 service accounts shown below, and no other, to finance and account for the operations of state
19 agencies that provide services to other agencies, institutions and other governmental units on a cost
20 reimbursed basis. The purpose of these accounts is to ensure that certain activities are managed in
21 a businesslike manner, promote efficient use of services by making agencies pay the full costs
22 associated with providing the services, and allocate the costs of central administrative services
23 across all fund types, so that federal and other non-general fund programs share in the costs of
24 general government support. The controller is authorized to reimburse these accounts for the cost
25 of work or services performed for any other department or agency subject to the following
26 expenditure limitations:

27	Account	FY 2017	FY 2017	FY2017
28		Enacted	Change	Final
29	State Assessed Fringe Benefit Internal Service			
30	Fund	41,699,269	(1,853,175)	39,846,094
31	Administration Central Utilities Internal Service			
32	Fund	14,900,975	6,025,473	20,926,448
33	State Central Mail Internal Service Fund	6,190,285	636,305	6,826,590
34	State Telecommunications Internal Service Fund	3,017,521	167,632	3,185,153

1	State Automotive Fleet Internal Service Fund	12,543,165	(78,722)	12,464,443
2	Surplus Property Internal Service Fund	2,500	500	3,000
3	Health Insurance Internal Service Fund	251,723,462	53,362	251,776,824
4	State Fleet Revolving Loan Fund	0	2,173,414	2,173,414
5	Other Post-Employment Benefits Fund	63,934,483	0	63,934,483
6	Capital Police Internal Service Fund	1,172,421	(44,402)	1,128,019
7	Corrections Central Distribution Center Internal			
8	Service Fund	7,094,183	(46,657)	7,047,526
9	Correctional Industries Internal Service Fund	7,304,210	174,271	7,478,481
10	Secretary of State Record Center Internal Service Fund	907,177	(98,650)	808,527

11 SECTION 4. Departments and agencies listed below may not exceed the number of full-
12 time equivalent (FTE) positions shown below in any pay period. Full-time equivalent positions do
13 not include seasonal or intermittent positions whose scheduled period of employment does not
14 exceed twenty-six consecutive weeks or whose scheduled hours do not exceed nine hundred and
15 twenty-five (925) hours, excluding overtime, in a one-year period. Nor do they include individuals
16 engaged in training, the completion of which is a prerequisite of employment. Provided, however,
17 that the Governor or designee, Speaker of the House of Representatives or designee, and the
18 President of the Senate or designee may authorize an adjustment to any limitation. Prior to the
19 authorization, the State Budget Officer shall make a detailed written recommendation to the
20 Governor, the Speaker of the House, and the President of the Senate. A copy of the recommendation
21 and authorization to adjust shall be transmitted to the chairman of the House Finance Committee,
22 Senate Finance Committee, the House Fiscal Advisor and the Senate Fiscal Advisor.

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

26 FY 2017 FTE POSITION AUTHORIZATION

27	Departments and Agencies	Full-Time Equivalent
28	Administration	708.7
29	Business Regulation	97.0 <u>100.0</u>
30	Executive Office of Commerce	16.0
31	Labor and Training	409.5 <u>409.5</u>
32	Revenue	523.5
33	Legislature	298.5
34	Office of the Lieutenant Governor	8.0

1	Office of the Secretary of State	59.0
2	Office of the General Treasurer	88.0 <u>87.0</u>
3	Board of Elections	12.0
4	Rhode Island Ethics Commission	12.0
5	Office of the Governor	45.0
6	Commission for Human Rights	14.5
7	Public Utilities Commission	51.0
8	Office of Health and Human Services	179.0 <u>178.0</u>
9	Children, Youth, and Families	629.5 <u>628.5</u>
10	Health	503.6
11	Human Services	937.1
12	Behavioral Health, Developmental Disabilities, and Hospitals	1,352.4
13	Office of the Child Advocate	6.0 <u>7.0</u>
14	Commission on the Deaf and Hard of Hearing	4.0
15	Governor's Commission on Disabilities	4.0
16	Office of the Mental Health Advocate	4.0
17	Elementary and Secondary Education	139.1
18	School for the Deaf	60.0
19	Davies Career and Technical School	126.0
20	Office of the Postsecondary Commissioner	27.0
21	Provided that 1.0 of the total authorization would be available only for positions that are	
22	supported by third-party funds.	
23	University of Rhode Island	2,489.5
24	Provided that 573.8 of the total authorization would be available only for positions that are	
25	supported by third-party funds.	
26	Rhode Island College	926.2
27	Provided that 82.0 of the total authorization would be available only for positions that are	
28	supported by third-party funds.	
29	Community College of Rhode Island	854.1
30	Provided that 89.0 of the total authorization would be available only for positions that are	
31	supported by third-party funds.	
32	Rhode Island State Council on the Arts	8.6
33	RI Atomic Energy Commission	8.6
34	Historical Preservation and Heritage Commission	16.6 <u>15.6</u>

1	Office of the Attorney General	235.1
2	Corrections	1,423.0
3	Judicial	723.3
4	Military Staff	92.0
5	Public Safety	610.2 <u>615.6</u>
6	Office of the Public Defender	93.0
7	Emergency Management <u>Agency</u>	29.0
8	Environmental Management Agency	399.0 <u>400.0</u>
9	Coastal Resources Management Council	29.0
10	Transportation	701.0 <u>701.0</u>
11	Total	14,952.6 <u>14,959.0</u>

12 SECTION 5. Reappropriation of Funding for Rhode Island Capital Plan Fund Projects. –
13 Any unexpended and unencumbered funds from Rhode Island Capital Plan Fund project
14 appropriations shall be reappropriated in the ensuing fiscal year and made available for the same
15 purpose. However, any such reappropriations are subject to final approval by the General
16 Assembly as part of the supplemental appropriations act. Any unexpended funds of less than five
17 hundred dollars (\$500) shall be reappropriated at the discretion of the State Budget Officer.

18 SECTION 6. This article shall take effect upon passage.

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ARTICLE 11 AS AMENDED

RELATING TO TAXATION -- EXCISE ON MOTOR VEHICLES AND TRAILERS

SECTION 1. Sections 44-5-2 and 44-5-22 of the General Laws in Chapter 44-5 entitled "Levy and Assessment of Local Taxes" are hereby amended to read as follows:

44-5-2. Maximum levy.

(a) Through and including its fiscal year 2007, a city or town may levy a tax in an amount not more than five and one-half percent (5.5%) in excess of the amount levied and certified by that city or town for the prior year. Through and including its fiscal year 2007, but in no fiscal year thereafter, the amount levied by a city or town is deemed to be consistent with the five and one-half percent (5.5%) levy growth cap if the tax rate is not more than one hundred and five and one-half percent (105.5%) of the prior year's tax rate and the budget resolution or ordinance, as applicable, specifies that the tax rate is not increasing by more than five and one-half percent (5.5%) except as specified in subsection (c) of this section. In all years when a revaluation or update is not being implemented, a tax rate is deemed to be one hundred five and one-half percent (105.5%) or less of the prior year's tax rate if the tax on a parcel of real property, the value of which is unchanged for purpose of taxation, is no more than one hundred five and one-half percent (105.5%) of the prior year's tax on the same parcel of real property. In any year through and including fiscal year 2007 when a revaluation or update is being implemented, the tax rate is deemed to be one hundred five and one-half percent (105.5%) of the prior year's tax rate as certified by the division of property valuation and municipal finance in the department of revenue.

(b) In its fiscal year 2008, a city or town may levy a tax in an amount not more than five and one-quarter percent (5.25%) in excess of the total amount levied and certified by that city or town for its fiscal year 2007. In its fiscal year 2009, a city or town may levy a tax in an amount not more than five percent (5%) in excess of the total amount levied and certified by that city or town for its fiscal year 2008. In its fiscal year 2010, a city or town may levy a tax in an amount not more than four and three-quarters percent (4.75%) in excess of the total amount levied and certified by that city or town in its fiscal year 2009. In its fiscal year 2011, a city or town may levy a tax in an amount not more than four and one-half percent (4.5%) in excess of the total amount levied and certified by that city or town in its fiscal year 2010. In its fiscal year 2012, a city or town may levy a tax in an amount not more than four and one-quarter percent (4.25%) in excess of the total amount

1 levied and certified by that city or town in its fiscal year 2011. In its fiscal year 2013 and in each
2 fiscal year thereafter, a city or town may levy a tax in an amount not more than four percent (4%)
3 in excess of the total amount levied and certified by that city or town for its previous fiscal year.
4 For purposes of this levy calculation, taxes levied pursuant to chapters 34 and 34.1 of this title shall
5 not be included. For FY 2018, in the event that a city or town, solely as a result of the exclusion of
6 the motor vehicle tax in the new levy calculation, exceeds the property tax cap when compared to
7 FY 2017 after taking into account that there was a motor vehicle tax in FY 2017, said city or town
8 shall be permitted to exceed the property tax cap for the FY 2018 transition year, but in no event
9 shall it exceed the four percent (4%) levy cap growth with the car tax portion included; provided,
10 however, nothing herein shall prohibit a city or town from exceeding the property tax cap if
11 otherwise permitted pursuant to subsection (d) of this section.

12 (c) The division of property valuation in the department of revenue shall monitor city and
13 town compliance with this levy cap, issue periodic reports to the general assembly on compliance,
14 and make recommendations on the continuation or modification of the levy cap on or before
15 December 31, 1987, December 31, 1990, and December 31, every third year thereafter. The chief
16 elected official in each city and town shall provide to the division of property and municipal finance
17 within thirty (30) days of final action, in the form required, the adopted tax levy and rate and other
18 pertinent information.

19 (d) The amount levied by a city or town may exceed the percentage increase as specified
20 in subsection (a) or (b) of this section if the city or town qualifies under one or more of the following
21 provisions:

22 (1) The city or town forecasts or experiences a loss in total non-property tax revenues and
23 the loss is certified by the department of revenue.

24 (2) The city or town experiences or anticipates an emergency situation, which causes or
25 will cause the levy to exceed the percentage increase as specified in subsection (a) or (b) of this
26 section. In the event of an emergency or an anticipated emergency, the city or town shall notify the
27 auditor general who shall certify the existence or anticipated existence of the emergency. Without
28 limiting the generality of the foregoing, an emergency shall be deemed to exist when the city or
29 town experiences or anticipates health insurance costs, retirement contributions or utility
30 expenditures which exceed the prior fiscal year's health insurance costs, retirement contributions
31 or utility expenditures by a percentage greater than three (3) times the percentage increase as
32 specified in subsection (a) or (b) of this section.

33 (3) A city or town forecasts or experiences debt services expenditures which exceed the
34 prior year's debt service expenditures by an amount greater than the percentage increase as specified

1 in subsection (a) or (b) of this section and which are the result of bonded debt issued in a manner
2 consistent with general law or a special act. In the event of the debt service increase, the city or
3 town shall notify the department of revenue which shall certify the debt service increase above the
4 percentage increase as specified in subsection (a) or (b) of this section the prior year's debt service.
5 No action approving or disapproving exceeding a levy cap under the provisions of this section
6 affects the requirement to pay obligations as described in subsection (d) of this section.

7 (4) The city or town experiences substantial growth in its tax base as the result of major
8 new construction which necessitates either significant infrastructure or school housing expenditures
9 by the city or town or a significant increase in the need for essential municipal services and such
10 increase in expenditures or demand for services is certified by the department of revenue.

11 (e) Any levy pursuant to subsection (d) of this section in excess of the percentage increase
12 specified in subsection (a) or (b) of this section shall be approved by the affirmative vote of at least
13 four-fifths (4/5) of the full membership of the governing body of the city or town or in the case of
14 a city or town having a financial town meeting, the majority of the electors present and voting at
15 the town financial meeting shall also approve the excess levy.

16 (f) Nothing contained in this section constrains the payment of present or future obligations
17 as prescribed by § 45-12-1, and all taxable property in each city or town is subject to taxation
18 without limitation as to rate or amount to pay general obligation bonds or notes of the city or town
19 except as otherwise specifically provided by law or charter.

20 **44-5-22. Certification of tax roll.**

21 The tax levy shall be applied to the assessment roll and the resulting tax roll certified by
22 the assessors to the city or town clerk, city or town treasurer, or tax collector, as the case may be,
23 and to the department of revenue division of municipal finance, not later than the next succeeding
24 August 15. [For assessment date December 31, 2016, all certified tax rolls submitted to the city or](#)
25 [town clerk, city or town treasurer, or tax collector, as the case may be, and to the department of](#)
26 [revenue division of municipal finance shall be calculated in a manner that is consistent with any](#)
27 [2017 amendments to the motor vehicle excise tax laws not later than August 31, 2017. For](#)
28 [assessment date December 31, 2016, in the event that a city, town or fire district has certified tax](#)
29 [rolls to the city or town clerk, city or town treasurer, or tax collector, as the case may be, and to the](#)
30 [department of revenue division of municipal finance prior to the enactment of any amendment to](#)
31 [the motor vehicle excise tax laws in 2017, said city, town or fire district shall submit to the city or](#)
32 [town clerk, city or town treasurer or tax collector, as the case may be, and to the department of](#)
33 [revenue division of municipal finance an amended certified tax roll the calculation of which is](#)
34 [consistent with any amendments to the motor vehicle tax laws in 2017 not later than September 15,](#)

1 [2017](#). In the case of a fire district, the tax levy shall be applied to the assessment roll and the
2 resulting tax roll certified by such fire district's tax assessor, treasurer, or other appropriate fire
3 district official to the town clerk, town treasurer, tax assessor or tax collector, as the case may be,
4 and to the department of revenue, division of municipal finance, not later than thirty (30) business
5 days prior to its annual meeting.

6 SECTION 2. Sections 44-34-2 and 44-34-11 of the General Laws in Chapter 44-34 entitled
7 "Excise on Motor Vehicles and Trailers" are hereby amended to read as follows:

8 **44-34-2. Assessment -- Valuation -- Proration -- Abatement and cancellation --**
9 **Exemptions from tax.**

10 (a) Except as provided in this section, the tax assessors of each city and town shall assess
11 and levy in each calendar year on every vehicle and trailer registered under chapter 3 of title 31,
12 for the privilege of the registration, an excise measured by its value, as subsequently defined and
13 determined. For the purpose of this excise, the uniform value of each vehicle shall be determined
14 in accordance with the regulations of the vehicle value commission. Any vehicle which is more
15 than ~~twenty five (25)~~ [fifteen \(15\)](#) years old, whether or not the vehicle is an antique motor car as
16 defined in § 31-1-3(a), shall be deemed to possess an average retail value of five hundred dollars
17 (\$500). ~~Any vehicle more than twenty five (25) years old on June 16, 1987, whether or not the~~
18 ~~vehicle is an antique motor car as defined in § 31-1-3(a), shall be deemed to have an average retail~~
19 ~~value of five hundred dollars (\$500) or its actual retail value whichever is less. The minimum excise~~
20 ~~tax on any vehicle, if registered to the same owner for a full year or portion of the year, shall not~~
21 ~~be less than five dollars (\$5.00) unless the registration is transferred to one or more additional~~
22 ~~vehicles or trailers, in which case the minimum or combined excise taxes shall not be less than five~~
23 ~~dollars (\$5.00). Beginning in fiscal year 2001, the assessor may, but is not required to, issue~~
24 ~~minimum tax bills as authorized by this section or any general or public law. Beginning in fiscal~~
25 ~~year 2002 and thereafter, the assessor shall not issue minimum tax bills, notwithstanding any~~
26 ~~general or public law to the contrary.~~ The assessor may waive the excise tax on any vehicle where
27 the annual levy would be less than five dollars (\$5.00). The state shall not provide reimbursement
28 for any waiver.

29 (b) Vehicle and trailer excises shall be prorated over the calendar year prior to the year in
30 which the excises are levied and billed, that year being referred to as the calendar year of proration.

31 (c) The excise levy on every vehicle and trailer registered under chapter 3 of title 31 shall
32 be based on the ratio that the number of days the vehicle or trailer is registered is to the number of
33 days in the calendar year of proration.

34 (d) If during the calendar year of proration, the owner of a vehicle or trailer subject to the

1 excise moves permanently with his or her vehicle to another state and cancels his or her registration
2 in this state and returns the registration plates, the vehicle shall be exempt from excise for the
3 ensuing year.

4 (e) "Year of manufacture" as used in this section means the year used by the manufacturer
5 of the vehicle or trailer in connection with the designation by the manufacturer of the model of the
6 vehicle or trailer. Where the presumptive price of a vehicle or trailer is not readily obtainable, or
7 special equipment is installed on the vehicle or trailer, the tax assessor shall prescribe the retail
8 price to be used or the manner in which the retail price shall be determined. In making the
9 determination of the presumptive price, the tax assessor shall determine the retail price of the
10 vehicle and then apply the percentage corresponding with the appropriate fiscal year as specified
11 in §44-34-11(c)(1)(iii).

12 (f) Nothing in this section shall be construed to prevent any city or town council from
13 granting an abatement, in whole or in part, when there is an error in the assessment of a tax, and
14 the tax assessors have certified to the fact, in writing, to the city or town council to cancel taxes
15 stating the nature of the error, the valuation of the vehicle or trailer, the amount of the assessed tax
16 and the name of the person to whom the vehicle or trailer was taxed.

17 (g) The city or town council may cancel, in whole or in part, an excise tax assessed to a
18 person who has died leaving no estate, or a person who has moved from the state, and the tax
19 collector or person acting in the capacity of tax collector certifies to the city or town council the
20 facts of the case.

21 (h) The excise imposed by this section shall not apply to vehicles or trailers owned by the
22 state of Rhode Island or any of its political subdivisions, or to vehicles or trailers owned by a
23 corporation, association or other organization whose tangible personal property is exempt under §
24 44-3-3(1) -- (15), or to vehicles assessed and taxed under § 44-13-13, or those owned by the United
25 States government. Farm vehicles shall be exempt to the extent prescribed in § 44-5-42.

26 **44-34-11. Rhode Island vehicle value commission.**

27 (a) There is hereby authorized, created, and established the "Rhode Island vehicle value
28 commission" whose function it is to establish presumptive values of vehicles and trailers subject to
29 the excise tax.

30 (b) The commission shall consist of the following seven (7) members as follows:

31 (1) The director of the department of revenue or his/her designee from the department of
32 revenue;

33 (2) Five (5) local tax officials named by the governor, at least one of whom shall be from
34 a city or town under ten thousand (10,000) population and at least one of whom is from a city or

1 town over fifty thousand (50,000) population in making these appointments the governor shall give
2 due consideration to the recommendations submitted by the President of the Rhode Island League
3 of Cities and Towns and each appointment shall be subject to the advice and consent of the senate;

4 (3) And one motor vehicle dealer appointed by the governor upon giving due consideration
5 to the recommendation of the director of revenue and subject to the advice and consent of the
6 senate.

7 (4) All members shall serve for a term of three (3) years.

8 (5) Current legislative appointees shall cease to be members of the commission upon the
9 effective date of this act. Non-legislative appointees to the commission may serve out their terms
10 whereupon their successors shall be appointed in accordance with this act. No one shall be eligible
11 for appointment to the commission unless he or she is a resident of this state.

12 (6) Public members of the commission shall be removable by the governor pursuant to §
13 36-1-7 for cause only, and removal solely for partisan or personal reasons unrelated to capacity or
14 fitness for the office shall be unlawful.

15 (7) The governor shall appoint a chairperson from the commission's members. The
16 commission shall elect from among its members other officers as it may deem appropriate.

17 (c) The commission shall annually determine the presumptive values of vehicles and
18 trailers subject to the excise tax in the following manner:

19 (1) Not earlier than September 30 and not later than December 31 of each year, the
20 commission shall by rule adopt a methodology for determining the presumptive value of vehicles
21 and trailers subject to the excise tax which shall give consideration to the following factors:

22 (i) The average retail price of similar vehicles of the same make, model, type, and year of
23 manufacture as reported by motor vehicle dealers or by official used car guides, such as that of the
24 National Automobile Dealers Association for New England. Where regional guides are not
25 available, the commission shall use other publications deemed appropriate; and

26 (ii) Other information concerning the average retail prices for make, model, type, and year
27 of manufacture of motor vehicles as the director and the Rhode Island vehicle value commission
28 may deem appropriate to determine fair values.

29 (iii) Notwithstanding the foregoing, the presumptive value of vehicles and trailers subject
30 to the excise tax shall not exceed the following percentage of clean retail value for those vehicles
31 reported by the National Automobile Dealers Association Official Used Car Guide New England
32 Edition:

<u>FISCAL YEAR</u>	<u>PERCENTAGE</u>
<u>2018</u>	<u>95%</u>

1	<u>2019</u>	<u>90%</u>
2	<u>2020</u>	<u>85%</u>
3	<u>2021</u>	<u>80%</u>
4	<u>2022</u>	<u>75%</u>
5	<u>2023</u>	<u>70%</u>

6 [In the event that no such clean retail value is reported, the presumptive value shall not](#)
7 [exceed the above percentages of the following:](#)

8 [\(A\) Manufacturer's suggested retail price \(MSRP\) for new model year vehicles as reported](#)
9 [by the National Automobile Dealers Association Guides; or](#)

10 [\(B\) Average retail value for those vehicles reported by the National Automobile Dealers](#)
11 [Association Official Used Car Guide National Edition and Motorcycle/Snowmobile/ATV/Personal](#)
12 [Watercraft Appraisal Guide; or](#)

13 [\(C\) Used retail value for those vehicles reported in the National Association of Automobile](#)
14 [Dealers Recreational Vehicle Appraisal Guide; or](#)

15 [\(D\) Low value for those vehicles reported in the National Automobile Dealers Association](#)
16 [Classic, Collectible, Exotic and Muscle Car Appraisal Guide & Directory.](#)

17 (2) On or before February 1 of each year, it shall adopt a list of values for vehicles and
18 trailers of the same make, model, type, and year of manufacture as of the preceding December 31
19 in accordance with the methodology adopted between September 30 and December 31; the list shall
20 be subject to a public hearing at least five (5) business days prior to the date of its adoption.

21 (3) Nothing in this section shall be deemed to require the commission to determine the
22 presumptive value of vehicles and trailers which are unique, to which special equipment has been
23 added or to which special modifications have been made, or for which adequate information is not
24 available from the sources referenced in subdivision (1) of this subsection; provided, that the
25 commission may consider those factors in its lists or regulations.

26 (4) The commission shall annually provide the list of presumptive values of vehicles and
27 trailers to each tax assessor on or before February 15 of each year.

28 (d) The commission shall adopt rules governing its organization and the conduct of its
29 business; prior to the adoption of the rules, the chair shall have the power to call meetings, and a
30 simple majority of the members of the commission, as provided for in subsection (b) of this section,
31 is necessary for a quorum, which quorum by majority vote shall have the power to conduct business
32 in the name of the commission. The commission may adopt rules and elect from among its members
33 such other officers as it deems necessary.

34 (e) The commission shall have the power to contract for professional services that it deems

1 necessary for the development of the methodology for determining presumptive values, for
2 calculating presumptive values according to the methodology, and for preparing the list of
3 presumptive values in a form and format that is generally usable by cities and towns in their
4 preparation of tax bills. The commission shall also have the power to incur reasonable expenses in
5 the conduct of its business as required by this chapter and to authorize payments for the expenses.

6 (f) Commission members shall receive no compensation for the performance of their duties
7 but may be reimbursed for their reasonable expenses incurred in carrying out such duties.

8 (g) The commission shall respond to petitions of appeal by local boards of review in
9 accordance with the provisions of § 44-34-9.

10 (h) The commission shall establish, by rule, procedures for adopting an annual budget and
11 for administering its finances. After July 1, 1986, one-half (1/2) of the cost of the commission's
12 operations shall be borne by the state and one-half (1/2) shall be borne by cities and towns within
13 the state, with the city and town share distributed among cities and towns on a per capita basis.

14 (i) Within ninety (90) days after the end of each fiscal year, the commission shall approve
15 and submit an annual report to the governor, the speaker of the house of representatives, the
16 president of the senate, and the secretary of state of its activities during that fiscal year. The report
17 shall provide: an operating statement summarizing meetings or hearings held, meeting minutes if
18 requested, subjects addressed, decisions rendered, rules or regulations promulgated, studies
19 conducted, policies and plans developed, approved, or modified, and programs administered or
20 initiated; a consolidated financial statement of all funds received and expended including the source
21 of the funds, a listing of any staff supported by these funds, and a summary of any clerical,
22 administrative or technical support received; a summary of performance during the previous fiscal
23 year including accomplishments, shortcomings and remedies; a synopsis of hearings, complaints,
24 suspensions, or other legal matters related to the authority of the commission; a summary of any
25 training courses held pursuant to this subsection, a briefing on anticipated activities in the upcoming
26 fiscal year; and findings and recommendations for improvements. The report shall be posted
27 electronically on the general assembly and the secretary of state's websites as prescribed in § 42-
28 20-8.2. The director of the department of revenue shall be responsible for the enforcement of this
29 provision.

30 SECTION 3. Sections 44-34.1-1 and 44-34.1-2 of the General Laws in Chapter 44-34.1
31 entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998" are hereby amended to
32 read as follows:

33 **44-34.1-1. Excise tax phase-out.**

34 (a)(1) Notwithstanding the provisions of chapter 34 of this title or any other provisions to

1 the contrary, the motor vehicle and trailer excise tax established by § 44-34-1 may be phased out.
2 The phase-out shall apply to all motor vehicles and trailers, including leased vehicles.

3 (2) Lessors of vehicles that pay excise taxes directly to municipalities shall provide lessees,
4 at the time of entering into the lease agreement, an estimate of annual excise taxes payable
5 throughout the term of the lease. In the event the actual excise tax is less than the estimated excise
6 tax, the lessor shall annually rebate to the lessee the difference between the actual excise tax and
7 the estimated excise tax.

8 (b) Pursuant to the provisions of this section, all motor vehicles shall be assessed a value
9 by the vehicle value commission. That value shall be assessed according to the provisions of § 44-
10 34-11(c)(1) and in accordance with the terms as defined in subsection (d) of this section; provided,
11 however, that the maximum taxable value percentage applicable to model year values as of
12 December 31, 1997, shall continue to be applicable in future year valuations aged by one year in
13 each succeeding year.

14 (c)(1) The motor vehicle excise tax phase-out shall commence with the excise tax bills
15 mailed to taxpayers for the fiscal year 2000. The phase-out, beyond fiscal year 2003, shall be
16 subject to annual review and appropriation by the general assembly. The tax assessors of the various
17 cities and towns and fire districts shall reduce the average retail value of each vehicle assessed by
18 using the prorated exemptions from the following table:

19 Local Fiscal Year	Exempt from value	Local Exemption	State fiscal year Reimbursement
20 fiscal year 1999		0	\$1,500
21 fiscal year 2000		\$1,500	\$2,500
22 fiscal year 2001		\$2,500	\$3,500
23 fiscal year 2002		\$3,500	\$4,500
24 fiscal years 2003, 2004 and 2005		\$4,500	\$4,500
25 for fiscal year 2006 and		\$5,000	\$5,000
26 for fiscal year 2007		\$6,000	\$6,000

27 for fiscal years 2008, 2009 and 2010 the exemption and the state fiscal year reimbursement
28 shall be increased, at a minimum, to the maximum amount to the nearest two hundred and fifty
29 dollar (\$250) increment within the allocation of one and twenty-two hundredths percent (1.22%) of
30 net terminal income derived from video lottery games pursuant to the provisions of § 42-61-15,
31 and in no event shall the exemption in any fiscal year be less than the prior fiscal year.

32 ~~for~~ (i) For fiscal year 2011 ~~and thereafter~~ through fiscal year 2017, the exemption shall be
33 five hundred dollars (\$500). Cities and towns may provide an additional exemption; provided,
34 however, any such additional exemption shall not be subject to reimbursement.

1 (ii) For fiscal year 2018, cities, towns, and fire districts shall provide an exemption equal
2 to the greater of one thousand dollars (\$1,000) or the exemption in effect in fiscal year 2017.

3 (iii) For fiscal year 2019, cities, towns, and fire districts shall provide an exemption equal
4 to the greater of two thousand dollars (\$2,000) or the exemption in effect in fiscal year 2017.

5 (iv) For fiscal year 2020, cities, towns, and fire districts shall provide an exemption equal
6 to the greater of three thousand dollars (\$3,000) or the exemption in effect in fiscal year 2017.

7 (v) For fiscal year 2021, cities, towns, and fire districts shall provide an exemption equal
8 to the greater of four thousand dollars (\$4,000) or the exemption in effect in fiscal year 2017.

9 (vi) For fiscal year 2022, cities, towns, and fire districts shall provide an exemption equal
10 to the greater of five thousand dollars (\$5,000) or the exemption in effect in fiscal year 2017.

11 (vii) For fiscal year 2023, cities, towns, and fire districts shall provide an exemption equal
12 to the greater of six thousand dollars (\$6,000) or the exemption in effect in fiscal year 2017.

13 (viii) For fiscal year 2024 and thereafter, no tax shall be levied.

14 (2) The excise tax phase-out shall provide levels of assessed value reductions until the tax
15 is eliminated or reduced as provided in this chapter.

16 (3) Current exemptions shall remain in effect as provided in this chapter.

17 (4) The excise tax rates and ratios of assessment shall be maintained at a level identical to
18 the level in effect for fiscal year 1998 for each city, town, and fire district; provided, in the town of
19 Johnston the excise tax rate and ratios of assessment shall be maintained at a level identical to the
20 level in effect for fiscal year 1999 levels and the levy of a city, town, or fire district shall be limited
21 to the lesser of the maximum taxable value or net assessed value for purposes of collecting the tax
22 in any given year. Provided, however, for fiscal year 2011 ~~and thereafter~~ through fiscal year 2017,
23 the rates and ratios of assessment may be less than but not more than the rates described in this
24 subsection (4).

25 (5) For fiscal year 2018 and thereafter, the excise tax rate applied by a city, town, or fire
26 district, shall not exceed the rate in effect in fiscal year 2017 and shall not exceed the rate set forth
27 below:

<u>Fiscal Year</u>	<u>Tax Rate (Per \$1,000 of Value)</u>
<u>2018</u>	<u>\$60.00</u>
<u>2019</u>	<u>\$50.00</u>
<u>2020</u>	<u>\$35.00</u>
<u>2021</u>	<u>\$35.00</u>
<u>2022</u>	<u>\$30.00</u>
<u>2023</u>	<u>\$20.00</u>

1 (6) In no event shall a taxpayer be billed more than the prior year for a vehicle owned up
2 to the same number of days unless an increased bill is the result of no longer being eligible for a
3 local tax exemption.

4 (d) Definitions.

5 (1) "Maximum taxable value" means the value of vehicles as prescribed by § 44-34-11
6 reduced by the percentage of assessed value applicable to model year values as determined by the
7 Rhode Island vehicle value commission as of December 31, 1997, for the vehicles valued by the
8 commission as of December 31, 1997. For all vehicle value types not valued by the Rhode Island
9 vehicle value commission as of December 31, 1997, the maximum taxable value shall be the latest
10 value determined by a local assessor from an appropriate pricing guide, multiplied by the ratio of
11 assessment used by that city, town, or fire district for a particular model year as of December 31,
12 1997. The maximum taxable value shall be determined in such a manner as to incorporate the
13 application of the percentage corresponding with the appropriate fiscal year as specified in §44-34-
14 11(c)(1)(iii).

15 (2) "Net assessed value" means the motor vehicle values as determined in accordance with
16 § 44-34-11 less all personal exemptions allowed by cities, towns, fire districts, and the state of
17 Rhode Island exemption value as provided for in § 44-34.1-1(c)(1).

18 (e) If any provision of this chapter shall be held invalid by any court of competent
19 jurisdiction, the remainder of this chapter and the applications of the provisions hereof shall not be
20 effected thereby.

21 **44-34.1-2. City and town and fire district reimbursement.**

22 (a) In fiscal years 2000 and thereafter, cities and towns and fire districts shall receive
23 reimbursements, as set forth in this section, from state general revenues equal to the amount of lost
24 tax revenue due to the phase out or reduction of the excise tax. Cities and towns and fire districts
25 shall receive advance reimbursements through state fiscal year 2002. In the event the tax is phased
26 out, cities and towns and fire districts shall receive a permanent distribution of sales tax revenue
27 pursuant to § 44-18-18 in an amount equal to any lost revenue resulting from the excise tax
28 elimination. Lost revenues must be determined using a base tax rate fixed at fiscal year 1998 levels
29 for each city, town, and fire district, except that the Town of Johnston's base tax rate must be fixed
30 at a fiscal year 1999 level. Provided, however, for fiscal year 2011 and thereafter, the base tax rate
31 may be less than but not more than the rates described in this subsection (a).

32 (b) (1) The director of administration shall determine the amount of general revenues to be
33 distributed to each city and town and fire district for the fiscal years 1999 and thereafter so that
34 every city and town and fire district is held harmless from tax loss resulting from this chapter,

1 assuming that tax rates are indexed to inflation through fiscal year 2003.

2 (2) The director of administration shall index the tax rates for inflation by applying the
3 annual change in the December Consumer Price Index -- All Urban Consumers (CPI-U), published
4 by the Bureau of Labor Statistics of the United States Department of Labor, to the indexed tax rate
5 used for the prior fiscal year calculation; provided, that for state reimbursements in fiscal years
6 2004 and thereafter, the indexed tax rate shall not be subject to further CPI-U adjustments. The
7 director shall apply the following principles in determining reimbursements:

8 (i) Exemptions granted by cities and towns and fire districts in the fiscal year 1998 must
9 be applied to assessed values prior to applying the exemptions in § 44-34.1-1(c)(1). Cities and
10 towns and fire districts will not be reimbursed for these exemptions.

11 (ii) City, town, and fire districts shall be reimbursed by the state for revenue losses
12 attributable to the exemptions provided for in § 44-34.1-1 and the inflation indexing of tax rates
13 through fiscal 2003. Reimbursement for revenue losses shall be calculated based upon the
14 difference between the maximum taxable value less personal exemptions and the net assessed
15 value.

16 (iii) Inflation reimbursements shall be the difference between:

17 (A) The levy calculated at the tax rate used by each city and town and fire district for fiscal
18 year 1998 after adjustments for personal exemptions but prior to adjustments for exemptions
19 contained in § 44-34.1-1(c)(1); provided, that for the town of Johnston the tax rate used for fiscal
20 year 1999 must be used for the calculation; and

21 (B) The levy calculated by applying the appropriate cumulative inflation adjustment
22 through state fiscal 2003 to the tax rate used by each city and town and fire district for fiscal year
23 1998; provided, that for the town of Johnston the tax rate used for fiscal year 1999 shall be used
24 for the calculation after adjustments for personal exemptions but prior to adjustments for
25 exemptions contained in § 44-34.1-1.

26 (3) For fiscal year 2018 and thereafter, each city, town and fire district shall tax motor
27 vehicles and trailers pursuant to chapter 34 of title 44 using the same motor vehicle and trailer
28 excise tax calculation methodology that was employed for fiscal year 2017, where motor vehicle
29 and trailer excise tax calculation methodology refers to the application of specific tax practices and
30 the order of operations in the determination of the tax levied on any given motor vehicle and/or
31 trailer.

32 (4) Each city, town and fire district shall report to the department of revenue, as part of the
33 submission of the certified tax levy pursuant to §44-5-22, the motor vehicle and trailer excise tax
34 calculation methodology that was employed for fiscal year 2017. For fiscal year 2018 and

1 thereafter, the department of revenue is authorized to confirm that each city, town or fire district
2 has used the same motor vehicle and trailer excise tax methodology as was used in fiscal year 2017
3 and the department of revenue shall have the final determination as to whether each city, town or
4 fire district has in fact complied with this requirement. Should the department of revenue determine
5 that a city, town or fire district has failed to cooperate or comply with the requirement in this
6 section, the city, town or fire district's reimbursement for the items noted in §§44-34.1-2(c)(13)(i)
7 through (c)(13)(iv) shall be withheld until such time as the department of revenue deems the city,
8 town or fire district to be in compliance.

9 (5) For purposes of reimbursement for the items noted in §§44-34.1-2(c)(13)(i) through
10 (c)(13)(iv), the FY 2018 baseline from which the reimbursement amount shall be calculated is
11 defined as the motor vehicle and trailer excise tax levy that would be generated by applying the
12 fiscal year 2017 motor vehicle and trailer excise tax calculation methodology to the assessed value
13 of motor vehicles and trailers as of fiscal year 2017. The amount of reimbursement that each city,
14 town or fire district receives shall be the difference between the FY 2018 baseline and the certified
15 motor vehicle and trailer excise tax levy as submitted by each city, town and fire district as
16 confirmed by the department of revenue. The department of revenue shall determine the
17 reimbursement amount for each city, town and fire district.

18 (6) For fiscal year 2020 and thereafter, the department of revenue shall assess the feasibility
19 of standardizing the motor vehicle and trailer excise tax calculation methodology across all cities,
20 towns and fire departments. Based on this assessment, the department of revenue may make
21 recommendations for changes to the motor vehicle and trailer excise tax calculation methodology
22 as well as other provisions related to the taxation of motor vehicles and trailers.

23 (c)(1) Funds shall be distributed to the cities and towns and fire districts as follows:

24 (i) On October 20, 1998, and each October 20 thereafter through October 20, 2001, twenty-
25 five percent (25%) of the amount calculated by the director of administration to be the difference
26 for the upcoming fiscal year.

27 (ii) On February 20, 1999, and each February 20 thereafter through February 20, 2002,
28 twenty-five percent (25%) of the amount calculated by the director of administration to be the
29 difference for the upcoming fiscal year.

30 (iii) On June 20, 1999, and each June 20 thereafter through June 20, 2002, fifty percent
31 (50%) of the amount calculated by the director of administration to be the difference for the
32 upcoming fiscal year.

33 (iv) On August 1, 2002, and each August 1 thereafter, twenty-five percent (25%) of the
34 amount calculated by the director of administration to be the difference for the current fiscal year.

1 (v) On November 1, 2002, and each November 1 thereafter, twenty-five percent (25%) of
2 the amount calculated by the director of administration to be the difference for the current fiscal
3 year.

4 (vi) On February 1, 2003, and each February 1 thereafter, twenty-five percent (25%) of the
5 amount calculated by the director of administration to be the difference for the current fiscal year.

6 (vii) On May 1, 2003, and each May 1 thereafter, except May 1, 2010, twenty-five percent
7 (25%) of the amount calculated by the director of administration to be the difference for the current
8 fiscal year.

9 (viii) On June 15, 2010, twenty-five percent (25%) of the amount calculated by the director
10 of administration to be the difference for the current fiscal year.

11 Provided, however, the February and May payments, and June payment in 2010, shall be
12 subject to submission of final certified and reconciled motor vehicle levy information.

13 (2) Each city, town, or fire district shall submit final certified and reconciled motor vehicle
14 levy information by August 30 of each year. Any adjustment to the estimated amounts paid in the
15 previous fiscal year shall be included or deducted from the payment due November 1.

16 (3) On any of the payment dates specified in paragraphs (1)(i) through (vii) of this
17 subsection, the director is authorized to deduct previously made over-payments or add
18 supplemental payments as may be required to bring the reimbursements into full compliance with
19 the requirements of this chapter.

20 (4) For the city of East Providence, the payment schedule is twenty-five percent (25%) on
21 February 20, 1999, and each February 20 thereafter through February 20, 2002, twenty-five percent
22 (25%) on June 20, 1999, and each June 20 thereafter through June 20, 2002, which includes final
23 reconciliation of the previous year's payment, and fifty percent (50%) on October 20, 1999, and
24 each October 20 thereafter through October 20, 2002. For local fiscal years 2003 and thereafter,
25 the payment schedule is twenty-five percent (25%) on each November 1, twenty-five percent (25%)
26 on each February 1, twenty-five percent (25%) on each May 1, which includes final reconciliation
27 of the previous year's payment, and twenty-five percent (25%) on each August 1; provided, the
28 May and August payments shall be subject to submission of final certified and reconciled motor
29 vehicle levy information.

30 (5) When the tax is phased out, funds distributed to the cities, towns, and fire districts for
31 the following fiscal year shall be calculated as the funds distributed in the fiscal year of the phase-
32 out. Twenty-five percent (25%) of the amounts calculated shall be distributed to the cities and
33 towns and fire districts on August 1, in the fiscal year of the phase-out, twenty-five percent (25%)
34 on the following November 1, twenty-five percent (25%) on the following February 1, and twenty-

1 five percent (25%) on the following May 1. The funds shall be distributed to each city and town
2 and fire district in the same proportion as distributed in the fiscal year of the phase-out.

3 (6) When the tax is phased out to August 1, of the following fiscal year the director of
4 ~~administration revenue~~ shall calculate to the nearest ~~tenth thousandth~~ of one cent (~~\$.001~~)
5 (\$0.00001) the number of cents of sales tax received for the fiscal year ending June 30, of the year
6 following the phase-out equal to the amount of funds distributed to the cities, towns, and fire
7 districts under this chapter during the fiscal year following the phase-out and the percent of the
8 total funds distributed in the fiscal year following the phase-out received by each city, town, and
9 fire district, calculated to the nearest one-hundredth of one percent (0.01%). The director of the
10 department of ~~administration revenue~~ shall transmit those calculations to the governor, the speaker
11 of the house, the president of the senate, the chairperson of the house finance committee, the
12 chairperson of the senate finance committee, the house fiscal advisor, and the senate fiscal advisor.
13 The number of cents, applied to the sales taxes received for the prior fiscal year, shall be the basis
14 for determining the amount of sales tax to be distributed to the cities and towns and fire districts
15 under this chapter for the second fiscal year following the phase-out and each year thereafter. The
16 cities and towns and fire districts shall receive that amount of sales tax in the proportions calculated
17 by the director of ~~administration revenue~~ as that received in the fiscal year following the phase-out.

18 (7) When the tax is phased out, twenty-five percent (25%) of the funds shall be distributed
19 to the cities, towns, and fire districts on August 1, of the following fiscal year and every August 1
20 thereafter; twenty-five percent (25%) shall be distributed on the following November 1, and every
21 November 1 thereafter; twenty-five percent (25%) shall be distributed on the following February
22 1, and every February 1 thereafter; and twenty-five percent (25%) shall be distributed on the
23 following May 1, and every May 1 thereafter.

24 (8) For the city of East Providence, in the event the tax is phased out, twenty-five percent
25 (25%) shall be distributed on November 1, of the following fiscal year and every November 1
26 thereafter, twenty-five percent (25%) shall be distributed on the following February 1, and every
27 February 1 thereafter; twenty-five percent (25%) shall be distributed on the following May 1, and
28 every May 1 thereafter; and twenty-five percent (25%) of the funds shall be distributed on the
29 following August 1, and every August 1 thereafter.

30 (9) As provided for in § 44-34-6, the authority of fire districts to tax motor vehicles is
31 eliminated effective with the year 2000 tax roll and the state reimbursement for fire districts shall
32 be based on the provisions of § 44-34-6. All references to fire districts in this chapter do not apply
33 to the year 2001 tax roll and thereafter.

34 (10) For reimbursements payable in the year ending June 30, 2008 and thereafter, the

1 director of administration shall discount the calculated value of the exemption to ninety-eight
2 percent (98%) in order to establish a collection rate that is comparable to the collection rate
3 achieved by municipalities in the levy of the motor vehicle excise tax.

4 (11) For reimbursements payable in the year ending June 30, 2010, the director of
5 administration shall reimburse cities and towns eighty-eight percent (88%) of the reimbursements
6 payable pursuant to subdivision (c)(10) above.

7 (12) For fiscal year 2011 ~~and thereafter~~ through to June 30, 2017, the state shall reimburse
8 cities and towns for the exemption pursuant to ~~subdivision~~ subsection (c)(10) above, ratably
9 reduced to the appropriation.

10 (13) For fiscal year 2018 and thereafter, each city, town and fire district shall receive a
11 reimbursement equal to the amount received in fiscal year 2017 plus an amount equal to the
12 reduction from the FY 2018 baseline, as defined in subsection (b)(5) of this section, resulting from
13 changes in:

14 (i) The assessment percentage set forth in §44-34-11(c)(1)(iii);

15 (ii) The excise tax rate set forth in §44-34.1-1(c)(5);

16 (iii) Exemptions set forth in §44-34.1-1(c)(1); and

17 (iv) Exemptions for vehicles more than fifteen (15) years old as set forth in §44-34-2.

18 (14) In the event any city, town, or fire district sent out or sends out tax bills for fiscal year
19 2018, which do not conform with the requirements of this act, the city, town, or fire district shall
20 ensure that the tax bills for fiscal year 2018 are adjusted or an abatement is issued to conform to
21 the requirements of this act.

22 SECTION 4. This article shall take effect on July 1, 2017.

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ARTICLE 12 AS AMENDED

RELATING TO EDUCATION AID

SECTION 1. Section 16-7.2-6 of the General Laws in Chapter 16-7.2 entitled "The Education Equity and Property Tax Relief Act" is hereby amended to read as follows:

16-7.2-6. Categorical programs, state funded expenses.

In addition to the foundation education aid provided pursuant to § 16-7.2-3, the permanent foundation education-aid program shall provide direct state funding for:

(a) Excess costs associated with special education students. Excess costs are defined when an individual special education student's cost shall be deemed to be "extraordinary". Extraordinary costs are those educational costs that exceed the state-approved threshold based on an amount above five times the core foundation amount (total of core-instruction amount plus student success amount). The department of elementary and secondary education shall prorate the funds available for distribution among those eligible school districts if the total approved costs for which school districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year; and the department of elementary and secondary education shall also collect data on those educational costs that exceed the state-approved threshold based on an amount above two (2), three (3) and four (4) times the core-foundation amount.

(b) Career and technical education costs to help meet initial investment requirements needed to transform existing, or create new, comprehensive, career and technical education programs and career pathways in critical and emerging industries and to help offset the higher-than-average costs associated with facilities, equipment maintenance and repair, and supplies necessary for maintaining the quality of highly specialized programs that are a priority for the state. The department shall develop criteria for the purpose of allocating any and all career and technical education funds as may be determined by the general assembly on an annual basis. The department of elementary and secondary education shall prorate the funds available for distribution among those eligible school districts if the total approved costs for which school districts are seeking reimbursement exceed the amount of funding available in any fiscal year;

(c) Programs to increase access to voluntary, free, high-quality pre-kindergarten programs. The department shall recommend criteria for the purpose of allocating any and all early childhood program funds as may be determined by the general assembly;

1 (d) Central Falls, Davies, and the Met Center Stabilization Fund is established to assure
2 that appropriate funding is available to support their students. Additional support for Central Falls
3 is needed due to concerns regarding the city's capacity to meet the local share of education costs.
4 This fund requires that education aid calculated pursuant to § 16-7.2-3 and funding for costs outside
5 the permanent foundation education-aid formula, including, but not limited to, transportation,
6 facility maintenance, and retiree health benefits shall be shared between the state and the city of
7 Central Falls. The fund shall be annually reviewed to determine the amount of the state and city
8 appropriation. The state's share of this fund may be supported through a reallocation of current state
9 appropriations to the Central Falls school district. At the end of the transition period defined in §
10 16-7.2-7, the municipality will continue its contribution pursuant to § 16-7-24. Additional support
11 for the Davies and the Met Center is needed due to the costs associated with running a stand-alone
12 high school offering both academic and career and technical coursework. The department shall
13 recommend criteria for the purpose of allocating any and all stabilization funds as may be
14 determined by the general assembly; and

15 (e) Excess costs associated with transporting students to out-of-district non-public schools,
16 ~~and within regional school districts. (1) This fund will provide state funding for the costs associated~~
17 ~~with transporting students to out-of-district non-public schools, pursuant to chapter 21.1 of title 16.~~
18 ~~The state will assume the costs of non-public out-of-district transportation for those districts~~
19 ~~participating in the statewide system. ; and (2) This fund will provide direct state funding for the~~
20 ~~excess costs associated with transporting students within regional school districts, established~~
21 ~~pursuant to chapter 3 of title 16. This fund requires that the state and regional school district share~~
22 ~~equally the student transportation costs net any federal sources of revenue for these expenditures.~~
23 The department of elementary and secondary education shall prorate the funds available for
24 distribution among those eligible school districts if the total approved costs for which school
25 districts are seeking reimbursement exceed the amount of funding available in any fiscal year.

26 (f) Excess costs associated with transporting students within regional school districts. This
27 fund will provide direct state funding for the excess costs associated with transporting students
28 within regional school districts, established pursuant to chapter 3 of title 16. This fund requires that
29 the state and regional school district share equally the student transportation costs net any federal
30 sources of revenue for these expenditures. The department of elementary and secondary education
31 shall prorate the funds available for distribution among those eligible school districts if the total
32 approved costs for which school districts are seeking reimbursement exceed the amount of funding
33 available in any fiscal year.

34 ~~(f)~~(g) Public school districts that are regionalized shall be eligible for a regionalization

1 bonus as set forth below.

2 (1) As used herein, the term "regionalized" shall be deemed to refer to a regional school
3 district established under the provisions of chapter 3 of title 16 including the Chariho Regional
4 School district.

5 (2) For those districts that are regionalized as of July 1, 2010, the regionalization bonus
6 shall commence in FY 2012. For those districts that regionalize after July 1, 2010, the
7 regionalization bonus shall commence in the first fiscal year following the establishment of a
8 regionalized school district as set forth in chapter 3 of title 16, including the Chariho Regional
9 School District.

10 (3) The regionalization bonus in the first fiscal year shall be two percent (2.0%) of the
11 state's share of the foundation education aid for the regionalized district as calculated pursuant to
12 §§ 16-7.2-3 and 16-7.2-4 in that fiscal year.

13 (4) The regionalization bonus in the second fiscal year shall be one percent (1.0%) of the
14 state's share of the foundation education aid for the regionalized district as calculated pursuant to
15 §§ 16-7.2-3 and 16-7.2-4 in that fiscal year.

16 (5) The regionalization bonus shall cease in the third fiscal year.

17 (6) The regionalization bonus for the Chariho regional school district shall be applied to
18 the state share of the permanent foundation education aid for the member towns.

19 (7) The department of elementary and secondary education shall prorate the funds available
20 for distribution among those eligible regionalized school districts if the total, approved costs for
21 which regionalized school districts are seeking a regionalization bonus exceed the amount of
22 funding appropriated in any fiscal year.

23 ~~(e)~~(h) Additional state support for English learners (EL). ~~For FY 2017 only, the~~ The
24 amount to support EL students shall be determined by multiplying an EL factor of ten percent
25 (10%) by the core-instruction per-pupil amount defined in § 16-7.2-3(a)(1) and applying that
26 amount of additional state support to EL students identified using widely adopted, independent
27 standards and assessments identified by the Commissioner. All categorical funds distributed
28 pursuant to this subsection must be used to provide high-quality, research-based services to EL
29 students and managed in accordance with requirements set forth by the commissioner of elementary
30 and secondary education. The department of elementary and secondary education shall collect
31 performance reports from districts and approve the use of funds prior to expenditure. The
32 department of elementary and secondary education shall ensure the funds are aligned to activities
33 that are innovative and expansive and not utilized for activities the district is currently funding. The
34 department of elementary and secondary education shall prorate the funds available for distribution

1 among eligible recipients if the total calculated costs exceed the amount of funding available in any
2 fiscal year.

3 ~~(h)~~(i) Categorical programs defined in (a) through ~~(g)~~ shall be funded pursuant to the
4 transition plan in § 16-7.2-7.

5 SECTION 2. Section 16-95-4 of the General Laws in Chapter 16-95 entitled "The
6 Recovery High Schools Act [See Title 16 Chapter 97 - The Rhode Island Board of Education Act]"
7 is hereby amended to read as follows:

8 **16-95-4. Transfer of aid.**

9 (a) Any school district in Rhode Island that may have a student, or students, who are
10 currently or were last enrolled in said district and who are diagnosed with substance-use disorder
11 or dependency, as defined by the Diagnostic and Statistical Manual of Mental Disorders IV-TR,
12 may be referred to a Rhode Island recovery high school by a clinician licensed pursuant to chapter
13 69 of title 5 for voluntary enrollment in such school. If said student is admitted to said school, the
14 sending school district shall ensure that payment, pursuant to subsection (b) for students who attend
15 the recovery high school, is paid, and further, that upon completion of all other graduation
16 requirements, said student or students shall receive a diploma.

17 (b) A sending school district shall transfer the per-pupil core-instructional amount,
18 pursuant to chapter 7.2 of title 16 ("The Education Equity and Property Tax Relief Act") to a
19 recovery high school for any student attending the recovery high school and meeting the following
20 criteria: (1) The student is currently enrolled in the district or currently resides in the municipality
21 in which the district is located; (2) The student is considered by a clinician, licensed pursuant to
22 chapter 69 of title 5, to be clinically appropriate, using the criteria for substance-use disorders as
23 defined in the Diagnostic and Statistical Manual of Mental Disorders IV-TR; and (3) The student
24 meets all matriculation criteria as outlined by the sending district and the department of elementary
25 and secondary education, with determination of academic eligibility based on existing
26 documentation provided by the district. The district and the recovery high school shall arrange to
27 confer a diploma when a student completes state- and district-mandated graduation requirements.

28 (c) ~~For FY 2017, the~~ The state shall appropriate no less than five hundred thousand dollars
29 (\$500,000) for the administration and programmatic costs of each recovery high school.

30 (d) A recovery high school shall submit to the council on elementary and secondary
31 education academic data considered necessary by the board to provide information regarding each
32 student's academic performance, subject to applicable health confidentiality laws and regulations.

33 (e) The council on elementary and secondary education, in consultation with the
34 department of behavioral health, developmental disabilities and hospitals shall promulgate rules

1 and regulations as necessary to implement and carry out the intent of this chapter.

2 SECTION 3. Section 16-100-3 of the General Laws in Chapter 16-100 entitled "Dual
3 Enrollment Equal Opportunity Act" is hereby amended to read as follows:

4 **16-100-3. Policy implemented.**

5 (a) The Board of Education shall prescribe by regulation a statewide dual enrollment policy
6 that shall allow students to enroll in courses at postsecondary institutions to satisfy academic credit
7 requirements in both high school and the aforementioned postsecondary institutions. The
8 regulations shall address the postsecondary institution's graduation requirements, if any; the
9 institution's ability to award degrees/certificates in Rhode Island; the minimum course grade to
10 receive credit at the student's secondary school; and any other criteria that the Board deems
11 appropriate.

12 (b) The board shall convene a workgroup, including, but not limited to, representatives
13 from the department of elementary and secondary education, the office of higher education,
14 superintendents, school committees, public higher education institutions, guidance counselors, and
15 teachers. The purpose of the workgroup is to consider and advise the board as to a dual enrollment
16 policy and its possible effect on school funding pursuant to section 16-7.2, academic supports,
17 transportation, possible shared costs of the education, possible fee schedules, manners in which
18 low-income students could access the program and, possible contracted tuition costs with our public
19 higher education institutions.

20 (c) Notwithstanding any law to the contrary, payments to public institutions of higher
21 education for dual and concurrent enrollment shall be limited to no greater than the appropriation
22 contained in the Appropriations Act. On or before September 30, 2017, the Council on
23 Postsecondary Education shall promulgate rules and regulations enforcing this limitation.

24 SECTION 4. This article shall take effect upon passage.

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ARTICLE 13

RELATING TO DEPARTMENT OF LABOR AND TRAINING FEES AND FINES

SECTION 1. Section 5-6-24 of the General Laws in Chapter 5-6 entitled "Electricians" is hereby amended to read as follows:

5-6-24. Apprentices – Registration Fee.

(a) This chapter does not forbid the employment of one properly limited registered apprentice electrician working with and under the direct personal supervision of a licensed journeyman electrician. Additionally, this chapter does not forbid the employment of: (1) one properly registered apprentice oil burnerperson working with and under the direct personal supervision of a licensed oil burnerperson; (2) one properly registered apprentice fire alarm installer working with and under the direct personal supervision of a licensed fire alarm installer; or (3) two (2) properly registered apprentice electrical sign installer working with and under the direct personal supervision of a licensed electrical sign installer; (4) one properly registered apprentice maintenance electrician working with and under the direct personal supervision of a valid Class C or Class D license holder; or (5) one properly registered apprentice lightning protection installer working with and under the direct personal supervision of a licensed lightning protection installer (LPI). ~~Apprentices are required to register with the division of professional regulation initially upon payment of a fee of twenty dollars (\$20.00) per year.~~ Apprentices are required to register with the division of professional regulation immediately upon employment with a properly licensed electrical contractor or lightning protection contractor.

(b) Indentured apprentice electricians are required to work a minimum of eight thousand (8,000) hours over a period of time of not less than four (4) years and successfully complete one hundred forty-four (144) hours of related instruction per year in an indentured apprenticeship program approved by the Rhode Island department of labor and training, to qualify for the journeyman "B" electrician examination; provided, however, apprentices may receive credit for one hundred forty-four (144) hours of classroom training gained in a vocational school authorized by the board of regents for elementary and secondary education and approved by the Rhode Island department of labor and training apprenticeship council. Provided, that the test applicant has possessed for at least four (4) years prior to the filing of the application a certificate of registration in full force and effect from the department of labor and training of Rhode Island specifying the

1 person as an indentured apprentice, and the application of an applicant is accompanied by an
2 affidavit or affidavits of his or her employer or former employers or other reasonably satisfactory
3 evidence showing that the applicant has been actually engaged in electrical work as an apprentice
4 in Rhode Island during those four (4) years, or the application is accompanied by an affidavit or
5 other reasonably satisfactory evidence showing that the applicant has successfully completed a
6 course of study in a recognized college or university and has pursued a course of electrical
7 technology for at least two (2) academic years or is the recipient of an associate degree in electrical
8 technology, and has thereafter been indentured by the department of labor and training as an
9 apprentice for at least two (2) years and employed as an indentured apprentice by a duly licensed
10 electrician master in this state for a period of two (2) years, or a showing that the applicant possesses
11 a certificate of license issued under the laws of another state. Limited registered apprentice
12 electricians shall be required to work a minimum of four thousand (4,000) hours over a period of
13 time of not less than two (2) years.

14 (c) Indentured apprentice maintenance electricians are required to work a minimum of six
15 thousand (6,000) hours over a period of time of not less than three (3) years and successfully
16 complete a one hundred forty-four (144) hours of related instruction per year in an indentured
17 apprenticeship program approved by the Rhode Island department of labor and training, to qualify
18 for the journeyperson "M" electrician examination. Provided, however, that the test applicant has
19 possessed for at least three (3) years prior to the filing of the application a certificate of registration
20 in full force and effect from the department of labor and training of Rhode Island specifying the
21 person as an indentured apprentice, and the application of an applicant is accompanied by an
22 affidavit or affidavits of his or her employer or former employers or other reasonably satisfactory
23 evidence showing that the applicant has been actually engaged in electrical work as an apprentice
24 in Rhode Island during those three (3) years. Class M journeyperson electricians may qualify to
25 take the journeyperson "B" electrician examination upon registering as a fourth year apprentice and
26 becoming employed by a properly licensed Class A electrical contractor for that period of time.

27 (d) Apprentice lightning protection installers are required to work a minimum of four
28 thousand (4,000) hours over a period of time of not less than two (2) years to qualify for the
29 lightning protection installer (LPI) examination. Provided, that the test applicant has possessed for
30 at least two (2) years prior to the filing of the application a certificate of registration in full force
31 and effect from the department of labor and training of Rhode Island specifying the person as an
32 apprentice lightning protection installer, and the application of an applicant is accompanied by an
33 affidavit or affidavits of his or her employer or former employers or other reasonably satisfactory
34 evidence showing that the applicant has been actually engaged in lightning protection work as an

1 apprentice during those two (2) years.

2 SECTION 2. Section 5-20-25 of the General Laws in Chapter 5-20 entitled "Plumbers,
3 Irrigators and Water System Installers" is hereby amended to read as follows:

4 **5-20-25. Registration of Apprentices.**

5 (a) Any person who has agreed to work a minimum of eight thousand (8,000) hours over a
6 period of time of not less than five (5) years under the direct supervision and instruction of a master
7 plumber or journeyman plumber as an apprentice to learn the plumbing business, and that
8 agreement is approved by the division of professional regulation, shall be registered ~~for an initial~~
9 ~~period of one year, with renewal on the applicant's birthday,~~ by the director of the department of
10 labor and training and have issued to him or her ~~upon the payment of a fee of twenty dollars~~
11 ~~(\$20.00)~~ a certificate showing that person to be a registered apprentice. ~~Every person who continues~~
12 ~~to work as an apprentice after the initial one year registration is required to register again as an~~
13 ~~apprentice and pay the fee.~~

14 (b) Any person who has agreed to work a minimum of two thousand (2,000) hours over a
15 period of time of not less than one year under the direct supervision and instruction of a master
16 irrigator or a journeyman irrigator as an apprentice to learn the irrigation business, and that
17 agreement is approved by the division of professional regulation, shall be registered ~~for an initial~~
18 ~~period of one year, with renewal on the applicant's birthday,~~ by the director of the department of
19 labor and training and have issued to him or her ~~upon the payment of a fee of twenty dollars~~
20 ~~(\$20.00)~~ a certificate showing that person to be a registered apprentice. ~~Every person who continues~~
21 ~~to work as an apprentice after the initial one year registration is required to register again as an~~
22 ~~apprentice and pay the fee.~~

23 (c) Any person who has agreed to work a minimum of two thousand (2,000) hours over a
24 period of time of not less than one year, under the direct supervision and instruction of a master
25 water-filtration/treatment-system installer or a journeyman water-filtration/treatment-system
26 installer, as an apprentice to learn the water-filtration/treatment business, and that agreement is
27 approved by the division of professional regulation, shall be registered ~~for an initial period of one~~
28 ~~year, with renewal on the applicant's birthday,~~ by the director of the department of labor and
29 training and have issued to them; ~~upon the payment of a fee of twenty dollars (\$20.00);~~ a certificate
30 showing that person to be a registered apprentice. ~~Every person who continues to work as an~~
31 ~~apprentice after the initial one year registration is required to register again as an apprentice and~~
32 ~~pay the fee.~~

33 SECTION 3. Section 28-27-18 of the General Laws in Chapter 28-27 entitled "Mechanical
34 Trades" is hereby amended to read as follows:

1 **28-27-18. Registration of Apprentices.**

2 (a) Any person who has agreed to work under the supervision of a licensed pipefitter,
3 refrigeration/air conditioning, sprinkler fitter or sheet metal master under a state sanctioned
4 apprenticeship program shall be registered by the director of labor and training ~~upon the payment~~
5 ~~of a twenty four dollar (\$24.00) annual fee~~ and be issued a certificate of apprenticeship. ~~A renewal~~
6 ~~certificate shall also be issued for twenty four dollars (\$24.00) for each succeeding twelve (12)~~
7 ~~month period.~~

8 (b) The minimum formal training period for a P.J.F. limited class II license shall be one
9 hundred sixty (160) hours of classroom and/or laboratory technical training, approved by the
10 department of labor and training. The fee schedules for the P.J.F. limited license are detailed in §
11 28-27-5.2. All other sections of this chapter shall remain in full force and effect.

12 SECTION 4. Sections 28-45-9.1 and 28-45-13.1 of the General Laws in Chapter 28-45
13 entitled "Apprenticeship Programs in Trade and Industry" are hereby repealed.

14 **~~28-45-9.1. Apprenticeship programs – Fees.~~**

15 ~~—A fee of one hundred twenty dollars (\$120) shall be paid by each program sponsor,~~
16 ~~except those sponsors who are in registered school to career apprenticeship programs only, and/or~~
17 ~~those sponsors who are licensed masters/contractors with the department of labor and training,~~
18 ~~division of professional regulation, requesting authorization as an approved sponsor from the state~~
19 ~~apprenticeship council. All state approved sponsors' certificates issued by the division of~~
20 ~~professional regulation, except those sponsors who are registered in school to career~~
21 ~~apprenticeship programs only, and/or those sponsors who are licensed masters/contractors with the~~
22 ~~department of labor and training, division of professional regulation, shall become due for annual~~
23 ~~renewal upon payment of a renewal fee of one hundred twenty dollars (\$120). Those fees shall be~~
24 ~~deposited as general revenues.~~

25 **~~28-45-13.1. Apprenticeship registration – Fees. —~~**

26 ~~A fee of twenty four dollars (\$24.00) shall be paid by each indentured apprentice, except~~
27 ~~those apprentices who are registered in school to career apprenticeship programs only, not~~
28 ~~registered as an apprentice with the division of professional regulation of the department of labor~~
29 ~~and training, except those apprentices who are registered in school to career apprenticeship~~
30 ~~programs only, requesting approval and registration with the department of labor and training. All~~
31 ~~state approved apprentice certificates that are not registered and renewable through the division of~~
32 ~~professional regulation of the department of labor and training shall become due for renewal~~
33 ~~annually for a renewal fee of twenty four dollars (\$24.00). All apprenticeship certificates issued by~~
34 ~~the division of professional regulation of the department of labor and training shall expire on the~~

1 ~~indentured date of the individual qualifying for the certificate.~~

2 SECTION 5. Section 5-6-32 of the General Laws entitled "Electricians" is hereby amended
3 to read as follows:

4 **5-6-32. Authority of director to assess penalty.**

5 (a) The director may assess an administrative penalty on any person, firm, or corporation
6 for any violation of the provisions of this chapter, after notice and a hearing, before and upon the
7 recommendation of the board of examiners of electricians in the amount of ~~five hundred dollars~~
8 ~~(\$500)~~ one thousand five hundred dollars (\$1,500) for the first violation and ~~nine hundred fifty~~
9 ~~dollars (\$950)~~ two thousand dollars (\$2,000) for a subsequent violation. All funds collected by the
10 labor and training department under this section shall be placed in the restricted receipts account
11 created pursuant to § 28-22-1.1. This section is in addition to any other action provided by law for
12 violations of this chapter.

13 (b) The chief of the section shall act as an investigator with respect to the enforcement of
14 all the provisions of law relative to the licensing of electricians and, to this effect, whenever a
15 complaint is made by the chief of the section to the director of the department of labor and training
16 or his or her designee that the provisions of this chapter are being violated, the director of the
17 department of labor and training or his or her designee may issue an order to cease and desist from
18 that violation and may impose the above penalties against the violator and against the contractor.

19 SECTION 6. Chapter 28-14 of the General Laws entitled "Payment of Wages" is hereby
20 amended by adding thereto the following section:

21 **28-14-17.1. Administrative Assessment.**

22 (a) Any employer found to have violated the provisions of this chapter upon final
23 determination by the department of labor and training, including claims settled
24 via settlement agreement and administrative hearing shall be assessed an administrative
25 penalty equal to fifteen percent (15%) to twenty five percent (25%) of the amount of back wages
26 ordered to be paid for a first violation within a three (3) year period. For subsequent violations
27 within a three (3) year period the assessment shall equal twenty five percent (25%) to fifty percent
28 (50%) of the amount of back wages ordered to be paid.

29 (b) In determining the amount of any penalty imposed under this section, the director or
30 his or her designee shall consider the good faith of the employer, the gravity of the violation, the
31 history of previous violations and whether or not the violation was an innocent mistake or willful
32 violation.

33 SECTION 7. Section 28-14-19.1 of the General Laws entitled "Payment of Wages" is
34 hereby amended to read as follows:

1 **28-14-19.1. Misclassification of employees.**

2 (a) The misclassification of a worker whether performing work as a natural person,
3 business, corporation or entity of any kind, as an independent contractor when the worker should
4 be considered and paid as an employee shall be considered a violation of this chapter.

5 (b) In addition to any other relief in which any department or an aggrieved party may be
6 entitled for such a violation, the employer shall be liable for a civil penalty in an amount not less
7 than ~~five hundred dollars (\$500)~~ one thousand five hundred dollars (\$1,500) and not greater than
8 three thousand (\$3,000) dollars for each misclassified employee for a first offense and up to five
9 thousand dollars (\$5,000) for each misclassified employee for any subsequent offense, which shall
10 be shared equally between the department and the aggrieved party.

11 (c) In determining the amount of any penalty imposed under this section, the director or his
12 or her designee shall consider the size of the employer's business, the good faith of the employer,
13 the gravity of the violation, the history of previous violations, and whether or not the violation was
14 an innocent mistake or willful.

15 (d) A violation of this section may be adjudicated under § 28-14-19 and consolidated with
16 any labor standards violation or under §§ 37-13-14.1 and 15 and consolidated with any prevailing
17 wage violation.

18 (e) A violation of this section may be brought or adjudicated by any division of the
19 department of labor and training.

20 (f) The department shall notify the contractor's registration board and the tax administrator
21 of any violation of this section.

22 SECTION 8. Sections 28-42-38.1, 28-42-64, 28-42-65 and 28-42-66 of the General Laws
23 in Chapter 28-42 entitled "Employment Security – General Provisions" are hereby amended to read
24 as follows:

25 **28-42-38.1. Quarterly wage reports.**

26 (a)(1) The department of labor and training is designated and constituted the agency within
27 this state charged with the responsibility of collecting quarterly wage information, as required by
28 42 U.S.C. § 1302b-7. Each employer shall be required to submit a detailed wage report to the
29 director, for all calendar quarters within thirty (30) days after the end of each quarter in a form and
30 manner prescribed by the director, listing each employee's name, social security account number,
31 the total amount of wages paid to each employee, and any other information that the director deems
32 necessary. All reports shall be in addition to those now required by the department.

33 (2) The department will utilize the quarterly wage information that it collects from
34 employers to establish an individual's eligibility for unemployment insurance benefits and to

1 determine the amount and duration of benefits for all new claims filed.

2 (3) Notwithstanding any provisions of chapters 42 – 44 of this title to the contrary, the
3 department may utilize employee quarterly wage information submitted by employers to measure
4 the progress of the state in meeting the performance measures developed in response to United
5 States Public Law 105-220, the Workforce Investment Act of 1998 (see 29 U.S.C. § 2801 et seq.),
6 further provided however, that the department may verify certain employee quarterly wage
7 information for the local workforce investment board and provide it with the verified data under
8 procedures established by rules and regulations promulgated by the director. The director shall also
9 make the quarterly wage information available, upon request, to the agencies of other states in the
10 performance of their public duties under the Workforce Investment Act of 1998 in that state. This
11 information shall be made available only to the extent required by the Secretary of Labor and
12 necessary for the valid administrative needs of the authorized agencies, and all agencies requesting
13 this data shall protect it from unauthorized disclosure. The department shall be reimbursed by the
14 agencies requesting the information for the costs incurred in providing the information.

15 (4) Notwithstanding any provisions of chapters 42 – 44 of this title to the contrary, the
16 department may provide quarterly wage information to the United States Census Bureau for the
17 purpose of participating in a joint local employment dynamics program with the United States
18 Census Bureau and the Bureau of Labor Statistics.

19 (5) Notwithstanding any provisions of chapter 42-44 of this title to the contrary, the
20 department may provide employee quarterly wage information to the department's designated
21 research partners for the purpose of its workforce data quality and workforce innovation fund
22 initiatives. The provision of these records will be done in accordance with an approved data-sharing
23 agreement between the department and its designated research partners that protects the security
24 and confidentiality of these records and through procedures established by protocols, rules and/or
25 regulations as determined necessary by the director and appropriately established or promulgated.

26 (b) Notwithstanding any inconsistent provisions of chapters 42 – 44 of this title, an
27 employer who fails to file a detailed wage report in the manner and at the times required by
28 subsection (a) of this section for any calendar quarter shall pay a penalty of twenty-five dollars
29 (\$25.00) for each failure or refusal to file. An additional penalty of twenty-five dollars (\$25.00)
30 shall be assessed for each month the report is delinquent; provided, that this penalty shall not exceed
31 ~~one hundred and fifty dollars (\$150)~~ two hundred dollars (\$200.00) for any one report. This penalty
32 shall be paid into the employment security tardy account fund and if any employer fails to pay the
33 penalty, when assessed, it shall be collected by civil action as provided in § 28-43-18.

34 **28-42-64. Failure to make contributions or reports.**

1 Any individual, or employing unit or its agent, who knowingly fails or refuses to make any
2 contribution or other payment required of an employing unit under chapters 42 – 44 of this title, or
3 who knowingly fails or refuses to make any contribution or report at the time and in the manner
4 required by the regulations adopted as prescribed in these chapters, shall upon conviction be
5 punished by a fine of not less than ~~ten dollars (\$10.00)~~ twenty-five dollars (\$25.00) nor more than
6 ~~one hundred dollars (\$100)~~ two hundred dollars (\$200.00), or by imprisonment not longer than
7 sixty (60) days, or by both the fine and imprisonment, and each day of that failure or refusal shall
8 constitute a separate and distinct offense. If the employer in question is a corporation, every officer
9 of the corporation who knowingly participates in any violation specified in this section shall be
10 subject to these penalties.

11 **28-42-65. Pecuniary penalty for failure to file reports or pay contributions.**

12 An employer who fails to file any reports required under chapters 42 – 44 of this title, or
13 who fails or refuses to pay any contributions required under those chapters in the manner and at the
14 times as required by the law and regulations or as the director may, in accordance with these
15 chapters, prescribe, shall pay a penalty of ~~ten dollars (\$10.00)~~ twenty-five dollars (\$25.00) for each
16 failure or refusal to file, and where any contribution is due, shall pay an additional penalty of ten
17 percent (10%) of the amount due. The foregoing penalties shall be paid into the employment
18 security tardy account fund, and shall be in addition to contributions and interest required to be
19 paid as provided in chapters 42 – 44 of this title. If any employer fails to pay a penalty, when
20 assessed, it shall be collected by civil action as provided in § 28-43-18.

21 **28-42-66. Penalty for violations generally.**

22 Any violation of any provision of chapters 42 – 44 of this title or of any order, rule, or
23 regulation of the board of review after consultation with the director, for which a penalty is neither
24 prescribed above nor provided by any other applicable statute, shall be punished by a fine of not
25 less than ~~twenty dollars (\$20.00)~~ twenty-five dollars (\$25.00) nor more than ~~fifty dollars (\$50.00)~~
26 two hundred dollars (\$200.00), or by imprisonment not longer than thirty (30) days, or by both the
27 fine and imprisonment.

28 SECTION 9. This article shall take effect as of July 1, 2017.

ARTICLE 14

RELATING TO MINIMUM WAGES

SECTION 1. Section 28-12-3 of the General Laws in Chapter 28-12 entitled “Minimum Wages” is hereby amended to read as follows:

28-12-3. Minimum wages.

(a) Every employer shall pay to each of his or her employees: commencing July 1, 1999, at least the minimum wage of five dollars and sixty-five cents (\$5.65) per hour. Commencing September 1, 2000, the minimum wage is six dollars and fifteen cents (\$6.15) per hour.

(b) Commencing January 1, 2004, the minimum wage is six dollars and seventy-five cents (\$6.75) per hour.

(c) Commencing March 1, 2006, the minimum wage is seven dollars and ten cents (\$7.10) per hour.

(d) Commencing January 1, 2007, the minimum wage is seven dollars and forty cents (\$7.40) per hour.

(e) Commencing January 1, 2013, the minimum wage is seven dollars and seventy-five cents (\$7.75) per hour.

(f) Commencing January 1, 2014, the minimum wage is eight dollars (\$8.00) per hour.

(g) Commencing January 1, 2015, the minimum wage is nine dollars (\$9.00) per hour.

(h) Commencing January 1, 2016, the minimum wage is nine dollars and sixty cents (\$9.60) per hour.

(i) Commencing January 1, 2018, the minimum wage is ten dollars and ten cents (\$10.10) per hour.

(j) Commencing January 1, 2019, the minimum wage is ten dollars and fifty cents (\$10.50) per hour.

SECTION 2. This article shall take effect upon passage.

1

ARTICLE 15

2

RELATING TO EFFECTIVE DATE

3

SECTION 1. This act shall take effect as of July 1, 2017, except as otherwise provided

4

herein.

5

SECTION 2. This article shall take effect upon passage.

6