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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

RELATING TO EDUCATION

Introduced By: Representatives Tanzi, Donovan, Fogarty, Carson, and Barros

Date Introduced: March 02, 2017

Referred To: House Finance

(Dept. of Administration)

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 16-7-41, 16-7-41.1 and 16-7-44 of the General Laws in Chapter
2 16-7 entitled "Foundation Level School Support [See Title 16 Chapter 97 - The Rhode Island
3 Board Of Education Act]" are hereby amended to read as follows:

4 **16-7-41. Computation of school housing aid.**

5 (a) In each fiscal year the state shall pay to each community a grant to be applied to the
6 cost of school housing equal to the following:

7 The cost of each new school housing project certified to the commissioner of elementary
8 and secondary education not later than July 15 of the fiscal year shall be divided by the actual
9 number of years of the bond issued by the local community, ~~or~~ the Rhode Island Health and
10 Educational Building Corporation, [or the Rhode Island Infrastructure Bank](#) in support of the
11 specific project, times the school housing aid ratio; and provided, further, with respect to costs of
12 new school projects financed with proceeds of bonds issued by the local , ~~or~~ the Rhode Island
13 Health and Educational Building Corporation, [or the Rhode Island Infrastructure Bank](#) in support
14 of the specific project, the amount of the school housing aid payable in each fiscal year shall not
15 exceed the amount arrived at by multiplying the principal and interest of the bonds payable in
16 each fiscal year by the school housing aid ratio and which principal and interest amount over the
17 life of the bonds, shall, in no event, exceed the costs of each new school housing project certified
18 to the commissioner of elementary and secondary education. If a community fails to specify or
19 identify the appropriate reimbursement schedule, the commissioner of elementary and secondary

1 education may at his or her discretion set up to a five (5) year reimbursement cycle for projects
2 under five hundred thousand dollars (\$500,000); up to ten (10) years for projects up to three
3 million dollars (\$3,000,000); and up to twenty (20) years for projects over three million dollars
4 (\$3,000,000).

5 (b) Aid shall be provided for the same period as the life of the bonds issued in support of
6 the project and at the school housing aid ratio applicable to the local community at the time of the
7 bonds issued in support of the project as set forth in § 16-7-39.

8 (c) Aid shall be paid either to the community or in the case of projects financed through
9 the Rhode Island Health and Educational Building Corporation [or the Rhode Island Infrastructure](#)
10 [Bank](#), to the Rhode Island Health and Educational Building Corporation [or the Rhode Island](#)
11 [Infrastructure Bank](#) or its designee including, but not limited to, a trustee under a bond indenture
12 or loan and trust agreement, in support of bonds issued for specific projects of the local
13 community in accordance with this section, § 16-7-40 and § 16-7-44. Notwithstanding the
14 preceding, in case of failure of any city, town or district to pay the amount due in support of
15 bonds issued on behalf of a city, town, school or district project financed by the Rhode Island
16 Health and Educational Building Corporation [or the Rhode Island Infrastructure Bank](#), upon
17 notification by the Rhode Island Health and Educational Building Corporation [or the Rhode](#)
18 [Island Infrastructure Bank](#), the general treasurer shall deduct the amount from aid provided under
19 this section, § 16-7-40, § 16-7-44 and § 16-7-15 through § 16-7-34.3 due the city, town or district
20 and direct said funding to the Rhode Island Health and Educational Building Corporation [or the](#)
21 [Rhode Island Infrastructure Bank](#) or its designee.

22 (d) Notwithstanding any provisions of law to the contrary, in connection with the
23 issuance of refunding bonds benefiting any local community, any net interest savings resulting
24 from the refunding bonds issued by such community or a municipal public buildings authority for
25 the benefit of the community or by the Rhode Island health and educational building corporation
26 [or the Rhode Island Infrastructure Bank](#) for the benefit of the community, in each case in support
27 of school housing projects for the community, shall be allocated between the community and the
28 state of Rhode Island, by applying the applicable school housing aid ratio at the time of issuance
29 of the refunding bonds, calculated pursuant to § 16-7-39, that would otherwise apply in
30 connection with school housing projects of the community; provided however, that for any
31 refundings that occur between July 1, 2013 and December 31, 2015, the community shall receive
32 eighty percent (80%) of the total savings and the state shall receive twenty percent (20%). In
33 connection with any such refunding of bonds, the finance director or the chief financial officer of
34 the community shall certify such net interest savings to the commissioner of elementary and

1 secondary education. Notwithstanding § 16-7-44 or any other provision of law to the contrary,
2 school housing projects costs in connection with any such refunding bond issue shall include
3 bond issuance costs incurred by the community, the municipal public buildings authority or the
4 Rhode Island health and educational building corporation [or the Rhode Island Infrastructure](#)
5 [Bank](#), as the case may be, in connection therewith. In connection with any refunding bond issue,
6 school housing project costs shall include the cost of interest payments on such refunding bonds,
7 if the cost of interest payments was included as a school housing cost for the bonds being
8 refunded. A local community or municipal public buildings authority shall not be entitled to the
9 benefits of this subsection (d) unless the net present value savings resulting from the refunding is
10 at least three percent (3%) of the refunded bond issue.

11 (e) Any provision of law to the contrary notwithstanding, the commissioner of
12 elementary and secondary education shall cause to be monitored the potential for refunding
13 outstanding bonds of local communities or municipal public building authorities or of the Rhode
14 Island Health and Educational Building Corporation [or the Rhode Island Infrastructure Bank](#)
15 issued for the benefit of local communities or municipal public building authorities and benefiting
16 from any aid referenced in this section. In the event it is determined by said monitoring that the
17 net present value savings which could be achieved by refunding such bonds of the type
18 referenced in the prior sentence including any direct costs normally associated with such
19 refundings is equal to (i) at least one hundred thousand dollars (\$100,000) and (ii) for the state
20 and the communities or public building authorities at least three percent (3%) of the bond issue to
21 be refunded including associated costs then, in such event, the commissioner (or his or her
22 designee) may direct the local community or municipal public building authority for the benefit
23 of which the bonds were issued, to refund such bonds. Failure of the local community or
24 municipal public buildings authority to timely refund such bonds, except due to causes beyond
25 the reasonable control of such local community or municipal public building authority, shall
26 result in the reduction by the state of the aid referenced in this § 16-7-4.1 associated with the
27 bonds directed to be refunded in an amount equal to ninety percent (90%) of the net present value
28 savings reasonably estimated by the commissioner of elementary and secondary education (or his
29 or her designee) which would have been achieved had the bonds directed to be refunded been
30 refunded by the ninetieth (90th) day (or if such day is not a business day in the state of Rhode
31 Island, the next succeeding business day) following the date of issuance of the directive of the
32 commissioner (or his or her designee) to refund such bonds. Such reduction in the aid shall begin
33 in the fiscal year following the fiscal year in which the commissioner issued such directive for the
34 remaining term of the bond.

1 (f) Payments shall be made in accordance with § 16-7-40 and this section.

2 (g) For purposes of financing or refinancing school facilities in the city of Central Falls
3 through the issuance bonds through the Rhode Island Health and Educational Building
4 Corporation [or the Rhode Island Infrastructure Bank](#), the city of Central Falls shall be considered
5 an "educational institution" within the meaning of subdivision 45-38.1-3(13) of the general laws.

6 **16-7-41.1. Eligibility for reimbursement.**

7 (a) School districts, not municipalities, may apply for and obtain approval for a project
8 under the necessity of school construction process set forth in the regulations of the board of
9 regents for elementary and secondary education, provided, however, in the case of municipality
10 which issues bonds through the Rhode Island Health and Educational Building Corporation [or the](#)
11 [Rhode Island Infrastructure Bank](#) to finance or refinance school facilities for a school district
12 which is not part of the municipality, the municipality may apply for and obtain approval for a
13 project. Such approval will remain valid until June 30 of the third fiscal year following the fiscal
14 year in which the board of regents for elementary and secondary education's approval is granted.
15 Only those projects undertaken at school facilities under the care and control of the school
16 committee and located on school property may qualify for reimbursement under §§ 16-7-35 -- 16-
17 7-47. Facilities with combined school and municipal uses or facilities that are operated jointly
18 with any other profit or non-profit agency do not qualify for reimbursement under §§ 16-7-35 --
19 16-7-47. Projects completed by June 30 of a fiscal year are eligible for reimbursement in the
20 following fiscal year. A project for new school housing or additional housing shall be deemed to
21 be completed when the work has been officially accepted by the school committee or when the
22 housing is occupied for its intended use by the school committee, whichever is earlier.

23 (b) Notwithstanding the provisions of this section, the board of regents shall not grant
24 final approval for any project between June 30, 2011 and May 1, 2015 except for projects that are
25 necessitated by immediate health and safety reasons. In the event that a project is requested
26 during the moratorium because of immediate health and safety reasons, those proposals shall be
27 reported to the chairs of the house and senate finance committees.

28 (c) Any project approval granted prior to the adoption of the school construction
29 regulations in 2007, and which are currently inactive; and any project approval granted prior to
30 the adoption of the school construction regulations in 2007 which did not receive voter approval
31 or which has not been previously financed, are no longer eligible for reimbursement under this
32 chapter. The department of elementary and secondary education shall develop recommendations
33 for further cost containment strategies in the school housing aid program.

34 (d) Beginning July 1, 2015, the council on elementary and secondary education shall

1 approve new necessity of school construction applications on an annual basis. The department of
2 elementary and secondary education shall develop an annual application timeline for LEAs
3 seeking new necessity of school construction approvals.

4 **16-7-44. School housing project costs.**

5 School housing project costs, the date of completion of school housing projects, and the
6 applicable amount of school housing project cost commitments shall be in accordance with the
7 regulations of the commissioner of elementary and secondary education and the provisions of §§
8 16-7-35 -- 16-7-47; provided, however, that school housing project costs shall include the
9 purchase of sites, buildings, and equipment, the construction of buildings, and additions or
10 renovations of existing buildings and/or facilities. School housing project costs shall include the
11 cost of interest payment on any bond issued after July 1, 1988, provided that such bond is
12 approved by the voters on or before June 30, 2003, or issued by a municipal public building
13 authority or by the appropriate approving authority on or before June 30, 2003. Except as
14 provided in § 16-7-41(d), those projects approved after June 30, 2003, interest payments may
15 only be included in project costs provided that the bonds for these projects are issued through the
16 Rhode Island Health and Educational Building Corporation [or the Rhode Island infrastructure](#)
17 [bank](#). School housing project costs shall exclude: (1) any bond issuance costs incurred by the
18 municipality or regional school district; (2) demolition costs for buildings, facilities, or sites
19 deemed surplus by the school committee; and (3) restrictions pursuant to § 16-7-44.1 below. A
20 building, facility, or site is declared surplus by a school committee when the committee no longer
21 has such building, facility, or site under its direct care and control and transfers control to the
22 municipality, § 16-2-15. The board of regents for elementary and secondary education will
23 promulgate rules and regulations for the administration of this section. These rules and
24 regulations may provide for the use of lease revenue bonds, capital leases, or capital reserve
25 funding, to finance school housing provided that the term of any bond, or capital lease shall not
26 be longer than the useful life of the project and these instruments are subject to the public review
27 and voter approval otherwise required by law for the issuance of bonds or capital leases. Cities or
28 towns issuing bonds, or leases issued by municipal public buildings authority for the benefit of a
29 local community pursuant to chapter 50 of title 45 shall not require voter approval. Effective
30 January 1, 2008, and except for interim finance mechanisms, refunding bonds, borrowing from
31 the school building authority capital fund, and bonds issued by the Rhode Island Health and
32 Educational Building Corporation [or the Rhode Island infrastructure bank](#) to finance school
33 housing projects for towns, cities, or regional school districts borrowing for which has previously
34 been authorized by an enabling act of the general assembly, all bonds, notes and other forms of

1 indebtedness issued in support of school housing projects shall require passage of an enabling act
2 by the general assembly.

3 SECTION 2. Sections 24-18-3 and 24-18-7of the General Laws in Chapter 24-18 entitled
4 "Municipal Road and Bridge Revolving Fund" are hereby amended to read as follows:

5 **24-18-3. Definitions.**

6 As used in this chapter, the following terms, unless the context requires a different
7 interpretation, shall have the following meanings:

8 (1) "Agency" means the Rhode Island infrastructure bank as set forth in chapter 46-12.2;

9 (2) "Annual construction plan" means the finalized list of approved projects to commence
10 construction each calendar year;

11 (3) "Approved project" means any project approved by the agency for financial
12 assistance;

13 (4) "Department" means the department of transportation, or, if the department shall be
14 abolished, the board, body, or commission succeeding to the principal functions thereof or upon
15 whom the powers given by chapter 5 of title 37 to the department shall be given by law.

16 (5) "Eligible project" means an infrastructure plan, or portion of an infrastructure plan,
17 that meets the project evaluation criteria;

18 (6) "Financial assistance" means any form of financial assistance other than grants
19 provided by the agency to a city or town in accordance with this chapter for all or any part of the
20 cost of an approved project, including, without limitation, temporary and permanent loans, with
21 or without interest, guarantees, insurance, subsidies for the payment of debt service on loans,
22 lines of credit, and similar forms of financial assistance;

23 (7) "Infrastructure plan" means a project proposed by a city or town that would make
24 capital improvements to roads, bridges and appurtenances thereto consistent with project
25 evaluation criteria;

26 (8) "Market rate" means the rate the city or town would receive in the open market at the
27 time of the original loan agreement as determined by the agency in accordance with its rules and
28 regulations;

29 (9) "Project evaluation criteria" means the criteria used by the department to evaluate
30 infrastructure plans and rank eligible projects and shall include, but not be limited to:

31 (i) The ~~the~~ extent to which the project generates economic benefits; ;

32 (ii) The ~~the~~ extent to which the project would be able to proceed at an earlier date; ;

33 (iii) The ~~the~~ likelihood that the project would provide mobility benefits; ;

34 (iv) The ~~the~~ cost effectiveness of the project; ;

1 ~~(v) The~~ the likelihood that the project would increase safety; ; and

2 ~~(vi) The~~ the project's readiness to proceed within the forthcoming calendar year;

3 (10) "Project priority list" means the list of eligible projects ranked in the order in which
4 financial assistance shall be awarded by the agency pursuant to § 24-18-7;

5 (11) "Revolving fund" means the municipal road and bridge revolving fund established
6 under § 24-18-4; and

7 (12) "Subsidy assistance" means credit enhancements and other measures to reduce the
8 borrowing costs for a city or town.

9 **24-18-7. Procedure for project approval.**

10 (a) By September 1, 2013, the department shall promulgate rules and regulations
11 establishing the project evaluation criteria and the process through which a city or town may
12 submit an infrastructure plan. By December 31, 2013, the agency shall promulgate rules and
13 regulations to effectuate the provisions of this chapter which may include, without limitation,
14 forms for financial assistance applications, loan agreements, and other instruments. All rules and
15 regulations promulgated pursuant to this chapter shall be promulgated in accordance with the
16 provisions of chapter 42-35.

17 ~~(b) Beginning with the calendar year 2013 and for each calendar year thereafter, cities~~
18 ~~Cities~~ and towns shall ~~have from September 15th through October 15th to~~ submit ~~an~~
19 infrastructure ~~plan~~ plans to the department in accordance with the department's rules and
20 regulations promulgated pursuant to section (a) of this section. ~~In the event that October 15th is a~~
21 ~~Saturday, Sunday, or a general holiday as enumerated in § 25-1-1, the deadline shall be extended~~
22 ~~through the next day that is not a Saturday, Sunday, or a general holiday as enumerated in § 25-1-~~
23 ~~1.~~

24 ~~(c) By the end of each calendar year, the~~ The department shall evaluate all submitted
25 infrastructure plans and, in accordance with the project evaluation criteria, identify all eligible
26 projects, and ~~after a public hearing, the department~~ shall finalize and provide the agency and
27 statewide planning with a project priority ~~list for the forthcoming calendar year~~ The agency shall
28 not award financial assistance to any project not listed on the project priority list.

29 ~~(d) By the end of each calendar year, the agency shall determine the maximum amount of~~
30 ~~financial assistance available for the forthcoming calendar year, provided that it shall not exceed~~
31 ~~an amount of twenty million dollars (\$20,000,000); and provided further that the~~ The agency shall
32 not obligate more than fifty percent (50%) of available funding in any calendar year to any one
33 city or town unless there are no other eligible projects on the project priority list.

34 (e) Upon issuance of the project priority list, the agency shall award financial assistance

1 to cities and towns for approved projects ~~provided, however, that the agency does not exceed its~~
2 ~~maximum annual amount of financial assistance~~. The agency may decline to award financial
3 assistance to an approved project which the agency determines will have a substantial adverse
4 effect on the interests of holders of bonds or other indebtedness of the agency or the interests of
5 other participants in the financial assistance program, or for good and sufficient cause affecting
6 the finances of the agency. All financial assistance shall be made pursuant to a loan agreement
7 between the agency and the city or town, acting by and through the officer or officers, board,
8 committee, or other body authorized by law, or otherwise its chief executive officer, according to
9 terms and conditions as determined by the agency, and each loan shall be evidenced and secured
10 by the issue to the agency of city or town obligations in fully marketable form in principal
11 amount, bearing interest at the rate or rates specified in the applicable loan agreement, and shall
12 otherwise bear such terms and conditions as authorized by this chapter and/or the loan agreement.

13 SECTION 3. Section 39-2-1.2 of the General Laws in Chapter 39-2 entitled "Duties of
14 Utilities and Carriers" is hereby amended to read as follows:

15 **39-2-1.2. Utility base rate -- Advertising, demand-side management and renewables.**

16 (a) In addition to costs prohibited in § 39-1-27.4(b), no public utility distributing or
17 providing heat, electricity, or water to or for the public shall include as part of its base rate any
18 expenses for advertising, either direct or indirect, which promotes the use of its product or
19 service, or is designed to promote the public image of the industry. No public utility may furnish
20 support of any kind, direct or indirect, to any subsidiary, group, association, or individual for
21 advertising and include the expense as part of its base rate. Nothing contained in this section shall
22 be deemed as prohibiting the inclusion in the base rate of expenses incurred for advertising,
23 informational or educational in nature, which is designed to promote public safety conservation of
24 the public utility's product or service. The public utilities commission shall promulgate such rules
25 and regulations as are necessary to require public disclosure of all advertising expenses of any
26 kind, direct or indirect, and to otherwise effectuate the provisions of this section.

27 (b) Effective as of January 1, 2008, and for a period of fifteen (15) years thereafter, each
28 electric-distribution company shall include a charge per kilowatt-hour delivered to fund demand-
29 side management programs. The 0.3 mills per kilowatt-hour delivered to fund renewable energy
30 programs shall remain in effect until December 31, 2022. The electric-distribution company shall
31 establish and, after July 1, 2007, maintain, two (2) separate accounts, one for demand-side
32 management programs (the "demand-side account"), which shall be funded by the electric
33 demand-side charge and administered and implemented by the distribution company, subject to
34 the regulatory reviewing authority of the commission, and one for renewable-energy programs,

1 which shall be administered by the Rhode Island commerce corporation pursuant to § 42-64-13.2
2 and shall be held and disbursed by the distribution company as directed by the Rhode Island
3 commerce corporation for the purposes of developing, promoting, and supporting renewable
4 energy programs.

5 During the time periods established in subsection (b), the commission may, in its
6 discretion, after notice and public hearing, increase the sums for demand-side management and
7 renewable resources. In addition, the commission shall, after notice and public hearing, determine
8 the appropriate charge for these programs. The office of energy resources and/or the administrator
9 of the renewable energy programs may seek to secure for the state an equitable and reasonable
10 portion of renewable energy credits or certificates created by private projects funded through
11 those programs. As used in this section, "renewable-energy resources" shall mean: (1) Power
12 generation technologies, as defined in § 39-26-5, "eligible renewable-energy resources",
13 including off-grid and on-grid generating technologies located in Rhode Island, as a priority; (2)
14 Research and development activities in Rhode Island pertaining to eligible renewable-energy
15 resources and to other renewable-energy technologies for electrical generation; or (3) Projects and
16 activities directly related to implementing eligible renewable-energy resources projects in Rhode
17 Island. Technologies for converting solar energy for space heating or generating domestic hot
18 water may also be funded through the renewable-energy programs. Fuel cells may be considered
19 an energy efficiency technology to be included in demand-sided management programs. Special
20 rates for low-income customers in effect as of August 7, 1996, shall be continued, and the costs of
21 all of these discounts shall be included in the distribution rates charged to all other customers.
22 Nothing in this section shall be construed as prohibiting an electric-distribution company from
23 offering any special rates or programs for low-income customers which are not in effect as of
24 August 7, 1996, subject to the approval by the commission.

25 (1) The renewable energy investment programs shall be administered pursuant to rules
26 established by the Rhode Island commerce corporation. Said rules shall provide transparent
27 criteria to rank qualified renewable-energy projects, giving consideration to:

- 28 (i) the feasibility of project completion;
 - 29 (ii) the anticipated amount of renewable energy the project will produce;
 - 30 (iii) the potential of the project to mitigate energy costs over the life of the project; and
 - 31 (iv) the estimated cost per kilo-watt hour (kwh) of the energy produced from the project.
- 32 (c) [Deleted by P.L. 2012, ch. 241, art. 4, § 14].

33 (d) The executive director of the commerce corporation is authorized and may enter into
34 a contract with a contractor for the cost-effective administration of the renewable-energy

1 programs funded by this section. A competitive bid and contract award for administration of the
2 renewable-energy programs may occur every three (3) years and shall include, as a condition, that
3 after July 1, 2008, the account for the renewable-energy programs shall be maintained and
4 administered by the commerce corporation as provided for in subsection (b).

5 (e) Effective January 1, 2007, and for a period of sixteen (16) years thereafter, each gas-
6 distribution company shall include, with the approval of the commission, a charge per deca therm
7 delivered to fund demand-side management programs (the "gas demand-side charge"), including,
8 but not limited to, programs for cost-effective energy efficiency, energy conservation, combined
9 heat and power systems, and weatherization services for low-income households.

10 (f) Each gas company shall establish a separate account for demand-side management
11 programs (the "gas demand-side account"), which shall be funded by the gas demand-side charge
12 and administered and implemented by the distribution company, subject to the regulatory
13 reviewing authority of the commission. The commission may establish administrative
14 mechanisms and procedures that are similar to those for electric demand-side management
15 programs administered under the jurisdiction of the commission and that are designed to achieve
16 cost-effectiveness and high, life-time savings of efficiency measures supported by the program.

17 (g) The commission may, if reasonable and feasible, except from this demand-side
18 management charge:

19 (i) Gas used for distribution generation; and

20 (ii) Gas used for the manufacturing processes, where the customer has established a self-
21 directed program to invest in and achieve best-effective energy efficiency in accordance with a
22 plan approved by the commission and subject to periodic review and approval by the
23 commission, which plan shall require annual reporting of the amount invested and the return on
24 investments in terms of gas savings.

25 (h) The commission may provide for the coordinated and/or integrated administration of
26 electric and gas demand-side management programs in order to enhance the effectiveness of the
27 programs. Such coordinated and/or integrated administration may after March 1, 2009, upon the
28 recommendation of the office of energy resources, be through one or more third-party entities
29 designated by the commission pursuant to a competitive selection process.

30 (i) Effective January 1, 2007, the commission shall allocate from demand-side
31 management gas and electric funds authorized pursuant to this section, an amount not to exceed
32 two percent (2%) of such funds on an annual basis for the retention of expert consultants, and
33 reasonable administration costs of the energy efficiency and resources management council
34 associated with planning, management, and evaluation of energy-efficiency programs, renewable-

1 energy programs, system reliability least-cost procurement, and with regulatory proceedings,
2 contested cases, and other actions pertaining to the purposes, powers, and duties of the council,
3 which allocation may by mutual agreement, be used in coordination with the office of energy
4 resources to support such activities.

5 (j) Effective January 1, 2016, the commission shall annually allocate from the
6 administrative funding amount allocated in (i) from the demand-side management program as
7 described in subsection (i) as follows: fifty percent (50%) for the purposes identified in
8 subsection (i) and fifty percent (50%) annually to the office of energy resources for activities
9 associated with planning, management, and evaluation of energy-efficiency programs, renewable-
10 energy programs, system reliability, least-cost procurement, and with regulatory proceedings,
11 contested cases, and other actions pertaining to the purposes, powers, and duties of the office of
12 energy resources.

13 (k) On April 15, of each year, the office and the council shall submit to the governor, the
14 president of the senate, and the speaker of the house of representatives, separate financial and
15 performance reports regarding the demand-side management programs, including the specific
16 level of funds that were contributed by the residential, municipal, and commercial and industrial
17 sectors to the overall programs; the businesses, vendors, and institutions that received funding
18 from demand-side management gas and electric funds used for the purposes in this section; and
19 the businesses, vendors, and institutions that received the administrative funds for the purposes in
20 subsections (i) and (j). These reports shall be posted electronically on the websites of the office of
21 energy resources and the energy efficiency resource management council.

22 (l) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank,
23 each electric-distribution company, except for the Pascoag Utility District and Block Island
24 Power Company, shall remit two percent (2%) of the amount of the 2014 electric demand-side
25 charge collections to the Rhode Island infrastructure bank ~~in accordance with the terms of § 46-~~
26 ~~12.2-14.1.~~

27 (m) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank,
28 each gas-distribution company shall remit two percent (2%) of the amount of the 2014 gas
29 demand-side charge collections to the Rhode Island infrastructure bank ~~in accordance with the~~
30 ~~terms of § 46-12.2-14.1.~~

31 SECTION 4. Sections 39-26.5-2, 39-26.5-4.1, 39-26.5-6 and 39-26.5-11 of the General
32 Laws in Chapter 39-26.5 entitled "Property Assessed Clean Energy Program" are hereby
33 amended to read as follows:

34 **39-26.5-2. Definitions.**

1 As used in this chapter, the following definitions apply:

2 (1) "Commercial property" means a property operated for commercial purposes, or a
3 residential property which contains five (5) or more housing units.

4 (2) "Distributed generation system" means an electrical generation facility located in the
5 electric distribution company's load zone with a nameplate capacity no greater than five
6 megawatts (5 MW), using eligible renewable energy resources as defined by § 39-26-5, including
7 biogas created as a result of anaerobic digestion, but, specifically excluding all other listed
8 eligible biomass fuels, and connected to an electrical power system owned, controlled, or
9 operated by the electric distribution company.

10 (3) "Dwelling" means a residential structure or mobile home which contains one to four
11 (4) family housing units, or individual units of condominiums or cooperatives.

12 (4) "Eligible net-metering system" means a facility generating electricity as defined in §
13 39-26.4-2.

14 (5) "Eligible renewable energy resources" means resources as defined in § 39-26-5.

15 (6) "Energy efficiency projects" means those projects that are eligible under § 39-1-27.7
16 or projects that have been defined as eligible in the PACE rules and regulations.

17 (7) "Institution" means a private entity or quasi-state agency.

18 (8) "Loan loss reserve fund" or "(LRF)" means funds set aside to cover losses in the event
19 of loan defaults.

20 (9) "Municipality" or "towns and cities" means any Rhode Island town or city with
21 powers set forth in title 45 of the general laws.

22 (10) "Net metering" means using electricity as defined in § 39-26.4-2.

23 (11) "PACE assessment" or "assessment" means the special assessment placed on a
24 PACE property owner's property tax [or other municipal assessment](#) bill in accordance with this
25 chapter, to be collected by [or on behalf of](#) the PACE municipality in which that PACE property is
26 located and remitted to [the Rhode Island infrastructure bank or to](#) the lender that has financed that
27 PACE project. The PACE assessment shall be owed by the current owner of the related PACE
28 property as of the time each PACE assessment comes due. In the event of a transfer of ownership,
29 all PACE assessments coming due after the date of the transfer, by foreclosure or otherwise, shall
30 be owed by the transferee.

31 (12) "PACE lien" means the non-accelerating lien placed on a PACE property in
32 accordance with the rules and regulations promulgated by the Rhode Island infrastructure bank
33 pursuant to this chapter, in order to secure the repayment of a PACE assessment made in
34 connection with that PACE property and to secure the repayment of each PACE assessment to be

1 made by that PACE property owner as each assessment comes due.

2 (13) "PACE municipality" means a municipality voluntarily designated by its city or
3 town council as a property-assessed clean energy municipality.

4 (14) "PACE project" or "project" means a distinct installation of an eligible energy
5 efficiency system, renewable energy net-metering system, distributed generation system,
6 alternative fuel infrastructure upgrade, and/or other eligible environmental health and
7 environmental safety upgrades.

8 (15) "PACE property" or "property" means any residential property or commercial
9 property which is the subject of an approved application for a PACE project filed pursuant to this
10 chapter.

11 (16) "Past due balances" means the sum of the due and unpaid assessments on a PACE
12 property as of the time the ownership of that PACE property is transferred. "Past due balances"
13 does not mean the unaccelerated balance of the PACE loan at the time that property is transferred.

14 (17) "Property-assessed clean energy" or "PACE" is a voluntary financing mechanism
15 which allows both residential and commercial property owners to access affordable, long-term
16 financing for energy upgrades, and other eligible environmental health and environmental safety
17 upgrades on their property.

18 (18) "Rhode Island infrastructure bank" means the Rhode Island infrastructure bank
19 ("RIIB"). For the purposes of this chapter, Rhode Island infrastructure bank shall include other
20 related state agencies and/or third party administrators, as may be engaged by the Rhode Island
21 infrastructure bank for the purposes of providing the services envisioned by the rules and
22 regulations promulgated in accordance with § 39-26.5-11.

23 **39-26.5-4.1. Financing agreements -- PACE assessments -- PACE liens.**

24 (a) The Rhode Island infrastructure bank [or a third-party capital provider](#) may enter into a
25 financing agreement with a qualifying PACE property owner. After such agreement is entered
26 into, and upon notice from the Rhode Island infrastructure bank, the PACE municipality shall: (i)
27 place a caveat on the land records indicating that a PACE assessment and lien is anticipated upon
28 completion of the PACE project for such property; or (ii) at the direction of the Rhode Island
29 infrastructure bank, levy the PACE assessment and file a lien on the land records on the estimated
30 costs of the PACE project prior to the completion or upon the completion of said PACE project.

31 (b) PACE assessments levied pursuant to this chapter and the interest, fees and any
32 penalties thereon shall constitute a lien against the qualifying PACE property on which they are
33 made until they are paid. Such lien shall be collected in the same manner as the property taxes of
34 the PACE municipality on real property, including, in the event of default or delinquency, with

1 respect to any penalties, fees and remedies. Each such lien may be recorded and released in the
2 manner provided for property tax liens- and if the property is commercial property as defined
3 herein it shall be subject to the consent of existing mortgage holders. The PACE lien shall take
4 precedence over all other liens or encumbrances except a lien for taxes of the municipality on real
5 property, or if the subject property is residential property as defined herein the PACE lien shall be
6 subject to any prior recorded mortgage which lien for taxes or pre-recorded residential mortgage
7 shall have priority over such PACE assessment lien. To the extent PACE assessments are paid in
8 installments and any such installment is not paid when due, the PACE assessment lien may be
9 foreclosed to the extent of any unpaid installment payments and any penalties, interest, and fees
10 related thereto. In the event such PACE assessment lien is foreclosed, such PACE assessment lien
11 shall survive the judgment of foreclosure to the extent of any unpaid installment payments of the
12 PACE assessment secured by such PACE assessment lien that were not the subject of such
13 judgment.

14 (c) Any PACE municipality may assign to the Rhode Island infrastructure bank any and
15 all liens filed by the PACE municipality, as provided in the written agreement between the
16 participating municipality and the Rhode Island infrastructure bank. The Rhode Island
17 infrastructure bank may sell or assign, for consideration, any and all liens received from the
18 participating municipality. The consideration received by the Rhode Island infrastructure bank
19 shall be negotiated between the Rhode Island infrastructure bank and the assignee. The assignee
20 or assignees of such liens shall have and possess the same powers and rights at law or in equity as
21 the Rhode Island infrastructure bank and the participating municipality and its tax collector would
22 have had if the lien had not been assigned with regard to the precedence and priority of such lien,
23 the accrual of interest and the fees and expenses of collection. The assignee shall have the same
24 rights to enforce such liens as any private party holding a lien on real property, including, but not
25 limited to, foreclosure and a suit on the debt. Costs and reasonable attorneys' fees incurred by the
26 assignee as a result of any foreclosure action or other legal proceeding brought pursuant to this
27 section and directly related to the proceeding shall be taxed in any such proceeding against each
28 person having title to any property subject to the proceedings. Such costs and fees may be
29 collected by the assignee at any time after demand for payment has been made by the assignee.

30 **39-26.5-6. Priority of PACE lien.**

31 (a) A PACE lien on a residential property shall be: subordinate to all liens on the
32 residential property in existence at the time the residential PACE lien is filed; subordinate to a
33 first mortgage on the residential property recorded after such PACE lien is filed; and superior to
34 any other lien on the residential recorded after such PACE lien is filed. This subsection shall not

1 affect the status or priority of any other municipal or statutory lien.

2 (b) At the time of a transfer of property ownership of a residential property, including by
3 foreclosure, the past due balances of any special assessment under this chapter shall be due for
4 payment. In the event of a foreclosure action, the past due balances shall include all payments on
5 a PACE assessment that are due and unpaid as of the date of the foreclosure. Unless otherwise
6 agreed by the PACE lender, all payments on the PACE assessment that become due after the date
7 of transfer by foreclosure or otherwise shall continue to be secured by a PACE lien on the PACE
8 property and shall be the responsibility of the transferee.

9 (c) A PACE lien on a commercial property shall be: senior to all liens on the commercial
10 property in existence at the time the PACE lien is filed, subject to the consent of the ~~senior~~
11 existing mortgage ~~holder~~ holders on the property; senior to all liens filed or recorded after the
12 time the PACE lien is created; but junior to a municipal tax lien.

13 (d) At the time of a transfer of property ownership of a commercial property, including
14 by foreclosure, the past due balances of any PACE assessment under this chapter shall be due for
15 payment. Unless otherwise agreed by the PACE lender, all payments of PACE assessments that
16 become due after the date of transfer by foreclosure or otherwise shall be secured by a PACE lien
17 on the PACE property and shall be the responsibility of the transferee.

18 **39-26.5-11. Rules and regulations.**

19 (a) The Rhode Island infrastructure bank shall consult with the office of energy resources
20 to promulgate rules and regulations, in accordance with this section, and in accordance with
21 chapter 35 of title 42. Such rules and regulations should ensure that the PACE program does not
22 adversely affect the implementation of any other energy program in whose coordination the
23 Rhode Island infrastructure bank or the office of energy resources is involved. Such rules and
24 regulations shall include, but not be limited to, the following:

25 (1) The necessary application requirements and procedures for any residential property
26 owner or commercial property owner seeking PACE financing;

27 (2) The necessary qualifications and requirements for a proposed PACE project;

28 (3) The underwriting criteria to be applied in determining the eligibility of properties and
29 property owners for PACE projects; and

30 (4) Requirements that all existing lien holders on a property be given notice prior to a
31 PACE assessment and lien being filed in connection with that property and that all commercial
32 property owners seeking a commercial PACE loan receive consent of the ~~primary~~ existing
33 mortgage ~~holder~~ holders on that property prior to being eligible.

34 (b) The Rhode Island infrastructure bank shall be responsible for promulgating

1 agreements, forms and other documents necessary for the efficient administration of the PACE
2 program.

3 SECTION 5. Sections 46-12.2-2 and 46-12.2-4.2 of the General Laws in Chapter 46-12.2
4 entitled "Rhode Island Infrastructure Bank" are hereby amended to read as follows:

5 **46-12.2-2. Definitions.**

6 As used in this chapter, unless the context clearly indicates otherwise, the following
7 words and phrases shall have the following meanings:

8 (1) "Agency" means the Rhode Island clean water finance agency, and, effective
9 September 1, 2015 and thereafter, shall mean the Rhode Island infrastructure bank;

10 (2) "Approved project" means any project or portion thereof that has been issued a
11 certificate of approval by the department for financial assistance from the agency, and also
12 includes any project approved for financial assistance from the agency in accordance with state
13 law, and, furthermore, shall include water pollution abatement projects funded outside of the
14 water pollution control revolving fund, the Rhode Island water pollution control revolving fund,
15 or the local interest subsidy trust fund, without the requirement of the issuance of a certificate of
16 approval;

17 (3) "Board" means board of directors of the agency;

18 (4) "Bond act" means any general or special law authorizing a local governmental unit to
19 incur indebtedness for all or any part of the cost of projects coming within the scope of a water
20 pollution abatement project, or for other projects related to this chapter, including but not limited
21 to § 45-12-2;

22 (5) "Bonds" means bonds, notes, or other evidence of indebtedness of the agency;

23 (6) "Certificate of approval" means the certificate of approval contemplated by § 46-12.2-
24 8;

25 (7) "Chief executive officer" means the mayor in any city, the president of the town
26 council in any town, and the executive director of any authority or commission, unless some other
27 officer or body is designated to perform the functions of a chief executive officer under any bond
28 act or under the provisions of a local charter or other law;

29 (8) "Clean Water Act" or "act" means the Federal Water Pollution Control Act, act of
30 June 30, 1948, ch. 758, as added Oct. 18, 1972, Pub. L. No. 92-500, 86 Stat. 896, as added Dec.
31 27, 1977, Pub. L. No. 95-217, 91 Stat. 1566 (codified at 33 U.S.C. § 1251 et seq., as amended and
32 as hereafter amended from time to time);

33 (9) "Corporation" means any corporate person, including, but not limited to, ~~bodies~~
34 ~~politic and corporate, public departments, public offices, public agencies, public authorities,~~

1 ~~political subdivisions of the state~~, corporations, societies, associations, limited liability
2 companies, partnerships and sole proprietorships;

3 (10) "Cost" as applied to any approved project, means any or all costs, whenever
4 incurred, approved by the agency in accordance with section eight of this chapter, of planning,
5 designing, acquiring, constructing, and carrying out and placing the project in operation,
6 including, without limiting the generality of the foregoing, amounts for the following: planning,
7 design, acquisition, construction, expansion, improvement and rehabilitation of facilities;
8 acquisition of real or personal property; demolitions and relocations; labor, materials, machinery
9 and equipment; services of architects, engineers, and environmental and financial experts and
10 other consultants; feasibility studies, plans, specifications, and surveys; interest prior to and
11 during the carrying out of any project and for a reasonable period thereafter; reserves for debt
12 service or other capital or current expenses; costs of issuance of local governmental obligations or
13 non-governmental obligations issued to finance the obligations including, without limitation, fees,
14 charges, and expenses and costs of the agency relating to the loan evidenced thereby, fees of
15 trustees and other depositories, legal and auditing fees, premiums and fees for insurance, letters or
16 lines of credit or other credit facilities securing local governmental obligations or non-
17 governmental obligations and other costs, fees, and charges in connection with the foregoing; and
18 working capital, administrative expenses, legal expenses, and other expenses necessary or
19 incidental to the aforesaid, to the financing of a project and to the issuance therefor of local
20 government obligations under the provisions of this chapter;

21 (11) "Department" means the department of environmental management;

22 (12) "Projected energy efficiency savings" means, at the time a loan agreement is entered
23 into between the agency and a local governmental unit, the savings projected to be derived from
24 the implementation of energy efficient and renewable energy upgrades to public buildings, as
25 determined in accordance with the rules and regulations promulgated by the Rhode Island
26 infrastructure bank pursuant to this chapter;

27 (13) "Financial assistance" means any form of financial assistance provided by the
28 agency to a local governmental unit, person or corporation in accordance with this chapter for all
29 or any part of the cost of an approved project, including, without limitation, grants, temporary and
30 permanent loans, with or without interest, guarantees, insurance, subsidies for the payment of
31 debt service on loans, lines of credit, and similar forms of financial assistance; provided,
32 however, notwithstanding the foregoing, for purposes of capitalization grant awards made
33 available to the agency, pursuant to the American Recovery and Reinvestment Act of 2009 (P.L.
34 111-5), or as otherwise required in connection with other capitalization grant awards made

1 available to the agency, financial assistance shall also include principal forgiveness and negative
2 interest loans;

3 (14) "Fully marketable form" means a local governmental obligation in form satisfactory
4 to the agency duly executed and accompanied by an opinion of counsel of recognized standing in
5 the field of municipal law whose opinions have been and are accepted by purchasers of like
6 obligations to the effect that the obligation is a valid and binding obligation of the local
7 governmental unit issuing the obligation, enforceable in accordance with its terms;

8 (15) "General revenues", when used with reference to a local governmental unit, means
9 revenues, receipts, assessments, and other moneys of the local governmental unit received from
10 or on account of the exercise of its powers and all rights to receive the same, including without
11 limitation:

12 (i) Taxes,

13 (ii) Wastewater system revenues,

14 (iii) Assessments upon or payments received from any other local governmental unit
15 which is a member or service recipient of the local governmental unit, whether by law, contract,
16 or otherwise,

17 (iv) Proceeds of local governmental obligations and loans and grants received by the
18 local governmental unit in accordance with this chapter,

19 (v) Investment earnings,

20 (vi) Reserves for debt service or other capital or current expenses,

21 (vii) Receipts from any tax, excise, or fee heretofore or hereafter imposed by any general
22 or special law all or a part of the receipts of which are payable or distributable to or for the
23 account of the local governmental unit,

24 (viii) Local aid distributions, and

25 (ix) Receipts, distributions, reimbursements, and other assistance received by or for the
26 account of the local governmental unit from the United States or any agency, department, or
27 instrumentality thereof;

28 (16) "Loan" means a loan by the agency to a local governmental unit, or person, or
29 corporation for costs of an approved project, including, without limitation, temporary and
30 permanent loans, and lines of credit;

31 (17) "Loan agreement" means any agreement entered into by the agency with a local
32 governmental unit, person, or corporation pertaining to a loan, other financial assistance, local
33 governmental obligations, or non-governmental obligations, including, without limitation, a loan
34 agreement, trust agreement, security agreement, reimbursement agreement, guarantee agreement,

1 financing lease agreement, appropriate agreement, or similar instrument;

2 (18) "Local aid distributions" means receipts, distributions, reimbursements, and other
3 assistance payable by the state to or for the account of a local governmental unit, except such
4 receipts, distributions, reimbursements, and other assistance restricted by law to specific
5 statutorily defined purposes;

6 (19) "Local governmental obligations" means bonds, notes, financing lease obligations,
7 appropriation obligations, and other evidences of indebtedness in fully marketable form issued by
8 a local governmental unit to evidence a loan or other financial assistance, from the agency in
9 accordance with this chapter or otherwise as provided herein;

10 (20) "Local governmental unit" means any town, city, district, commission, agency,
11 authority, board, [bodies politic and corporate, public corporation](#), or other political subdivision or
12 instrumentality of the state or of any political subdivision thereof, including the Narragansett Bay
13 commission; and, for purposes of dam safety or dam maintenance projects, any person seeking
14 financial assistance as a joint applicant with any of the above entities;

15 (21) "Local interest subsidy trust fund" means the local interest subsidy trust fund
16 established under § 46-12.2-6;

17 (22) "Non-governmental obligations" means bonds, notes, or other evidences of
18 indebtedness in fully marketable form issued by a person or corporation to evidence a loan, or
19 other financial assistance, from the agency in accordance with this chapter or otherwise as
20 provided herein.

21 (23) "Person" means any natural person;

22 (24) "Priority determination system" means the system by which water pollution
23 abatement projects are rated on the basis of environmental benefit and other criteria for funding
24 assistance pursuant to rules and regulations promulgated by the department as they may be
25 amended from time to time;

26 (25) "Qualified energy conservation bond" or "QECB" means those bonds designated by
27 26 U.S.C. § 54D.

28 (26) "Revenues", when used with reference to the agency, means any receipts, fees,
29 payments, moneys, revenues, or other payments received or to be received by the agency in the
30 exercise of its corporate powers under this chapter, including, without limitation, loan
31 repayments, payments on local governmental obligations, non-governmental obligations, grants,
32 aid, appropriations, and other assistance from the state, the United States, or any agency,
33 department, or instrumentality of either or of a political subdivision thereof, bond proceeds,
34 investment earnings, insurance proceeds, amounts in reserves, and other funds and accounts

1 established by or pursuant to this chapter or in connection with the issuance of bonds, including,
2 without limitation, the water pollution control revolving fund, the Rhode Island water pollution
3 control revolving fund, and the local interest subsidy fund, and any other fees, charges or other
4 income received or receivable by the agency;

5 (27) "Rhode Island water pollution control revolving fund" means the Rhode Island water
6 pollution control revolving fund established pursuant to § 46-12.2-6;

7 (28) "Trust agreement" means a trust agreement, loan agreement, security agreement,
8 reimbursement agreement, currency or interest rate exchange agreement, or other security
9 instrument, and a resolution, loan order, or other vote authorizing, securing, or otherwise
10 providing for the issue of bonds, loans, or local governmental obligations or non-governmental
11 obligations;

12 (29) "Wastewater system revenues" means all rates, rents, fee assessments, charges, and
13 other receipts derived or to be derived by a local governmental unit from wastewater collection
14 and treatment facilities and water pollution abatement projects under its ownership or control, or
15 from the services provided thereby, including, without limitation, proceeds of grants, gifts,
16 appropriations, and loans, including the proceeds of loans or grants awarded by the agency or the
17 department in accordance with this chapter, investment earnings, reserves for capital and current
18 expenses, proceeds of insurance or condemnation, and the sale or other disposition of property;
19 wastewater system revenues may also include rates, rents, fees, charges, and other receipts
20 derived by the local governmental unit from any water supply of distribution facilities or other
21 revenue producing facilities under its ownership or control; wastewater system revenues shall not
22 include any ad valorem taxes levied directly by the local governmental unit on any real and
23 personal property;

24 (30) "Water pollution abatement project" or "project" means any project eligible pursuant
25 to Title VI of the Clean Water Act including, but not limited to, wastewater treatment or
26 conveyance project that contributes to removal, curtailment, or mitigation of pollution of the
27 surface water of the state, and conforms with any applicable comprehensive land use plan which
28 has been adopted or any dam safety, removal or maintenance project; it also means a project to
29 enhance the waters of the state, which the agency has been authorized by statute to participate in;
30 it also means any other project to which the agency has been authorized to provide financial
31 assistance;

32 (31) "Water pollution control revolving fund" means the water pollution control
33 revolving fund contemplated by title VI of the Water Quality Act and established under § 46-
34 12.2-6;

1 (32) "Water Quality Act" means the Water Quality Act of 1987, Pub. L. No. 100-4, 101
2 Stat. 7, 33 U.S.C. § 1251 et seq., as amended from time to time.

3 **46-12.2-4.2. Establishment of the efficient buildings fund.**

4 (a) There is hereby authorized and created within the Rhode Island infrastructure bank an
5 efficient buildings fund for the purpose of providing technical, administrative and financial
6 assistance to local governmental units for energy efficient and renewable energy upgrades to
7 public buildings and infrastructure, including, but not limited to, streetlights. The Rhode Island
8 infrastructure bank shall review and approve all applications for projects to be financed through
9 the efficient buildings fund.

10 The office of energy resources shall promulgate rules and regulations establishing a
11 project priority list for efficient buildings fund and the process through which a local
12 governmental unit may submit an application for inclusion of a project on the project priority list.
13 Upon issuance of the project priority list by the office of energy resources, the project priority list
14 shall be used by the Rhode Island infrastructure bank to determine the order in which financial
15 assistance shall be awarded. The Rhode Island infrastructure bank shall promulgate rules and
16 regulations to effectuate the provisions of this section which may include, without limitation,
17 forms for financial assistance applications, loan agreements, and other instruments. All rules and
18 regulations promulgated pursuant to this chapter shall be promulgated in accordance with the
19 provisions of chapter 35 of title 42. Eligibility for receipt of this financial assistance by a local
20 governmental unit shall be conditioned upon that local governmental unit reallocating their
21 remaining proportional QECB allocation to the state of Rhode Island.

22 (b) The Rhode Island infrastructure bank shall have all the powers necessary and
23 convenient to carry out and effectuate the purposes and provisions of this section including,
24 without limiting the generality of the preceding statement, the authority:

25 (1) To receive and disburse such funds from the state and federal government as may be
26 available for the purpose of the fund subject to the provisions of this section;

27 (2) To make and enter into binding commitments to provide financial assistance to
28 eligible borrowers from amounts on deposit in the fund;

29 (3) To levy administrative fees on eligible borrowers as necessary to effectuate the
30 provisions of this section, provided the fees have been previously authorized by an agreement
31 between the Rhode Island infrastructure bank and the eligible borrower;

32 (4) To engage the services of third-party vendors to provide professional services;

33 (5) To establish one or more accounts within the fund; and

34 (6) Such other authority as granted to the Rhode Island infrastructure bank under this

1 chapter.

2 (c) Subject to the provisions of this section and to any agreements with the holders of any
3 bonds of the Rhode Island infrastructure bank or any trustee therefor, amounts held by the Rhode
4 Island infrastructure bank for the account of the fund shall be applied by the Rhode Island
5 infrastructure bank, either by direct expenditure, disbursement, or transfer to one or more other
6 funds and accounts held by the Rhode Island infrastructure bank or maintained under any trust
7 agreement pertaining to bonds, either alone or with other funds of the Rhode Island infrastructure
8 bank, to the following purposes:

9 (1) To provide financial assistance to local governmental units to finance costs of
10 approved projects, as set forth in subsection (a), and to refinance the costs of the projects, subject
11 to such terms and conditions, if any, as are determined by the Rhode Island infrastructure bank;

12 (2) To fund reserves for bonds of the Rhode infrastructure bank and to purchase
13 insurance and pay the premiums therefor, and pay fees and expenses of letters or lines of credit
14 and costs of reimbursement to the issuers thereof for any payments made thereon or on any
15 insurance, and to otherwise provide security for, and a source of payment for obligations of the
16 Rhode Island infrastructure bank, by pledge, lien, assignment, or otherwise as provided in this
17 chapter;

18 (3) To pay expenses of the Rhode Island infrastructure bank in administering the fund;

19 (4) To provide a reserve for, or to otherwise secure, amounts payable by borrowers on
20 loans and obligations outstanding in the event of default thereof; amounts in any account in the
21 fund may be applied to defaults on loans outstanding to the borrower for which the account was
22 established and, on a parity basis with all other accounts, to defaults on any loans or obligations
23 outstanding; and

24 (5) To provide a reserve for, or to otherwise secure, by pledge, lien, assignment, or
25 otherwise as provided in this chapter, any bonds of the Rhode Island infrastructure bank.

26 (d) In addition to other remedies of the Rhode Island infrastructure bank under any loan
27 agreement or otherwise provided by law, the Rhode Island infrastructure bank may also recover
28 from a borrower, in an action in superior court, any amount due the Rhode Island infrastructure
29 bank together with any other actual damages the Rhode Island infrastructure bank shall have
30 sustained from the failure or refusal of the borrower to make the payments or abide by the terms
31 of the loan agreement.

32 (e) The Rhode Island infrastructure bank may create one or more loan loss reserve funds
33 to serve as further security for any loans made by the Rhode Island infrastructure bank or any
34 bonds of the Rhode Island infrastructure bank issued to fund energy efficiency improvements in

1 public buildings in accordance with this section.

2 (f) To the extent possible, and in accordance with law, the ~~infrastructure bank~~ [Rhode](#)
3 [Island infrastructure bank](#) shall encourage the use of project labor agreements for projects over
4 ten million dollars (\$10,000,000) and local hiring on projects funded under this section.

5 (g) ~~Any financial assistance provided by the Rhode Island infrastructure bank to a public~~
6 ~~entity for the purpose of retrofitting a school building shall not be subject to the match established~~
7 ~~by Rhode Island general laws §§ 16-7-35 to 16-7-47, and shall be made subject to coordination~~
8 ~~with the Rhode Island department of education.~~ [Any approved project as set forth in subsection](#)
9 [\(a\) of this section that is also an "approved project" as defined in §16-7-36 shall be eligible for](#)
10 [school housing aid assistance under §§16-7-35 and 16-7-47.](#)

11 SECTION 6. Section 46-15.3-11 of the General Laws in Chapter 46-15.3 entitled "Public
12 Drinking Water Supply System Protection" is hereby amended to read as follows:

13 **46-15.3-11. Disbursements from the funds.**

14 (a) Only suppliers which withdraw water from wells, reservoirs, springs, or other original
15 sources of potable water shall be entitled to disbursements from the first of the two (2) mentioned
16 funds created under § 46-15.3-10 administered by the water resources board. From amounts
17 available from bond proceeds held by the water resources board, that board shall disburse to each
18 supplier contributing to the fund a proportional amount based upon each supplier's pro rata
19 withdrawal of water by volume from wells, reservoirs, springs, or other original sources of water
20 averaged over the three (3) calendar years preceding disbursement as determined by the water
21 resources board. Suppliers shall be required to expend this money ~~as follows:~~ [for any eligible](#)
22 [expenditure as defined in §46-15.3-4 including, but not limited to,](#)

23 ~~(1) Not less than fifty five percent (55%) shall be spent for acquisition of~~ land or rights in
24 land or physical improvements to acquired land required to protect the quality of raw water of the
25 water supply system. Expenditures for maintenance, administration, and payment of taxes on land
26 acquired under this chapter shall be included within this subdivision.

27 ~~(2) Any remaining funds may be used for any eligible expenditures as defined in § 46-~~
28 ~~15.3-4.~~

29 (b) The city of Providence shall make expenditures from amounts available in the fund
30 held by the city of Providence based on the same ~~formula as in subdivisions (a)(1) and (a)(2)~~
31 [requirements set forth in subsection \(a\)](#) above; provided, however, the city of Providence shall be
32 exempt from participating in the use of an alternate deicing mixture within the Scituate watershed
33 unless drinking water supply sodium levels exceed fifteen (15) ppm (parts per million) for three
34 (3) consecutive years or seventeen (17) ppm (parts per million) for one year. The city of

1 Providence will monitor sodium levels and report sodium testing results to the Rhode Island
2 department of health and the public on a yearly basis. If drinking water supply sodium levels
3 exceed fifteen (15) ppm for three (3) consecutive years or seventeen (17) ppm for one year, the
4 city of Providence shall immediately participate in the use of an alternative deicing mixture
5 within the Scituate watershed. In December of 2008, the city of Providence will provide a three
6 (3) year report to the Rhode Island department of environmental management, the general
7 assembly and the public. Every three (3) years, the city of Providence will submit a report to the
8 general assembly on monitoring data for sodium levels within the Scituate watershed. This report
9 will include monitoring data from the previous three (3) year period.

10 (c) In making decisions about the expenditure of money under the provisions of this
11 chapter, suppliers shall take into account the following factors:

12 (1) The likelihood of development of the specific parcel proposed for acquisition;

13 (2) The existing land uses, as well as the likelihood of development, in the watershed;

14 (3) The potential threat to public drinking water sources posed by development in the
15 watershed including, but not limited to, the intensity of development, the types of land uses,
16 proximity to reservoirs and/or well heads, and the buffering and filtration capacity of the natural
17 systems;

18 (4) Whether alternative protection measures are available and/or have been attempted,
19 including local land use regulations;

20 (5) The number of persons who presently depend on the sources for their drinking water,
21 as well as the number of persons who may depend on it in the future;

22 (6) The anticipated cost of the parcel proposed to be purchased, and whether less than a
23 fee interest may be acquired which would reduce the cost significantly while still providing
24 protection to the source;

25 (7) Other cost effectiveness considerations, including whether protection of the source
26 can be provided by the construction of physical improvements;

27 (8) Whether acquisition of the specific parcel, and the protection of the watershed of
28 which it is a part, is consistent with other planning considerations;

29 (9) Proposed management techniques for the parcel proposed to be acquired which will
30 maximize its capacity to protect the source.

31 (d) The costs of issuance of notes and bonds authorized by § 46-15.3-10 may be payable
32 from any monies in the water quality protection funds.

33 SECTION 7. Section 46-12.2-14.1 of the General Laws in Chapter 46-12.2 entitled
34 "Rhode Island Infrastructure Bank" is hereby repealed.

1 ~~46-12.2-14.1. Electric and gas demand side charge proceeds as further security for~~
2 ~~debt funding energy efficiency improvements in public buildings.~~

3 ~~(a) Upon receipt of the electric and gas demand side charge proceeds identified in §§ 39-~~
4 ~~2-1.2(1) and 39-2-1.2(m), the Rhode Island infrastructure bank shall deposit the electric and gas~~
5 ~~demand side charge proceeds in a loan loss reserve fund to provide security for any loans made~~
6 ~~by the Rhode Island infrastructure bank or any bonds of the Rhode Island infrastructure bank~~
7 ~~issued to fund energy efficiency improvements in public buildings pursuant to § 46-12.2-4.2. The~~
8 ~~funds in the loan loss reserve fund described therein shall only be used after all other available~~
9 ~~loan loss reserve funds have been applied.~~

10 ~~(b) After all loans and bonds in connection with the efficient buildings fund have been~~
11 ~~repaid in full, the balance of the loan loss reserve fund, including any accrued interest, shall be~~
12 ~~remitted to the electric and gas utilities described in § 39-2-1.2, to be used for energy efficiency~~
13 ~~programmatic purposes.~~

14 SECTION 8. This act shall take effect upon passage.

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LC001743
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO EDUCATION

- 1 This act would amend several sections relative to the eligibility and award process for
2 projects that receive financial assistance from PACE (Property Assessment Clean Energy)
3 programs and the Rhode Island infrastructure bank.
4 This act would take effect upon passage.

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