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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2016**

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A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - RENEWABLE ENERGY  
PROGRAMS

Introduced By: Representatives Ruggiero, Regunberg, Marshall, Blazejewski, and  
Tanzi

Date Introduced: June 15, 2016

Referred To: House Environment and Natural Resources

It is enacted by the General Assembly as follows:

1           SECTION 1. Preamble. – The following renewable energy policies will streamline the  
2 state's growing clean energy economy to allow virtual net metering, third party financing, and a  
3 predictable tax process for commercial systems in host communities.

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

6           **39-2-1.2. Utility base rate -- Advertising, demand side management and renewables.**

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

18           (b) Effective as of January 1, 2008, and for a period of fifteen (15) years thereafter, each

1 electric distribution company shall include a charge per kilowatt-hour delivered to fund demand  
2 side management programs. The 0.3 mills per kilowatt-hour delivered to fund renewable energy  
3 programs shall remain in effect until December 31, ~~2017~~ [2022](#). The electric distribution company  
4 shall establish and, after July 1, 2007, maintain two (2) separate accounts, one for demand side  
5 management programs (the "demand side account"), which shall be funded by the electric  
6 demand side charge and administered and implemented by the distribution company, subject to  
7 the regulatory reviewing authority of the commission, and one for renewable energy programs,  
8 which shall be administered by the Rhode Island commerce corporation pursuant to § 42-64-13.2  
9 and, shall be held and disbursed by the distribution company as directed by the Rhode Island  
10 commerce corporation for the purposes of developing, promoting and supporting renewable  
11 energy programs.

12         During the time periods established in § 39-2-1.2(b), the commission may, in its  
13 discretion, after notice and public hearing, increase the sums for demand side management and  
14 renewable resources. In addition, the commission shall, after notice and public hearing, determine  
15 the appropriate charge for these programs. The office of energy resources and/or the administrator  
16 of the renewable energy programs may seek to secure for the state an equitable and reasonable  
17 portion of renewable energy credits or certificates created by private projects funded through  
18 those programs. As used in this section, "renewable energy resources" shall mean: (1) power  
19 generation technologies as defined in § 39-26-5, "eligible renewable energy resources", including  
20 off-grid and on-grid generating technologies located in Rhode Island as a priority; (2) research  
21 and development activities in Rhode Island pertaining to eligible renewable energy resources and  
22 to other renewable energy technologies for electrical generation; or (3) projects and activities  
23 directly related to implementing eligible renewable energy resources projects in Rhode Island.  
24 Technologies for converting solar energy for space heating or generating domestic hot water may  
25 also be funded through the renewable energy programs. Fuel cells may be considered an energy  
26 efficiency technology to be included in demand sided management programs. Special rates for  
27 low-income customers in effect as of August 7, 1996 shall be continued, and the costs of all of  
28 these discounts shall be included in the distribution rates charged to all other customers. Nothing  
29 in this section shall be construed as prohibiting an electric distribution company from offering  
30 any special rates or programs for low-income customers which are not in effect as of August 7,  
31 1996, subject to the approval by the commission.

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

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

6 (d) The executive director of the ~~economic-development~~ commerce corporation is  
7 authorized and may enter into a contract with a contractor for the cost effective administration of  
8 the renewable energy programs funded by this section. A competitive bid and contract award for  
9 administration of the renewable energy programs may occur every three (3) years and shall  
10 include as a condition that after July 1, 2008 the account for the renewable energy programs shall  
11 be maintained and administered by the ~~economic-development~~ commerce corporation as provided  
12 for in subdivision (b) above.

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

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

25 (g) The commission may, if reasonable and feasible, except from this demand side  
26 management charge:

- 27 (i) gas used for distribution generation; and
- 28 (ii) gas used for the manufacturing processes, where the customer has established a self-  
29 directed program to invest in and achieve best effective energy efficiency in accordance with a  
30 plan approved by the commission and subject to periodic review and approval by the  
31 commission, which plan shall require annual reporting of the amount invested and the return on  
32 investments in terms of gas savings.

33 (h) The commission may provide for the coordinated and/or integrated administration of  
34 electric and gas demand side management programs in order to enhance the effectiveness of the

1 programs. Such coordinated and/or integrated administration may after March 1, 2009, upon the  
2 recommendation of the office of energy resources, be through one or more third-party entities  
3 designated by the commission pursuant to a competitive selection process.

4 (i) Effective January 1, 2007, the commission shall allocate from demand-side  
5 management gas and electric funds authorized pursuant to this § 39-2-1.2, an amount not to  
6 exceed two percent (2%) of such funds on an annual basis for the retention of expert consultants,  
7 and reasonable administrations costs of the energy efficiency and resources management council  
8 associated with planning, management, and evaluation of energy efficiency programs, renewable  
9 energy programs, system reliability least-cost procurement, and with regulatory proceedings,  
10 contested cases, and other actions pertaining to the purposes, powers and duties of the council,  
11 which allocation may by mutual agreement, be used in coordination with the office of energy  
12 resources to support such activities.

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

21 (k) On April 15, of each year the office and the council shall submit to the governor, the  
22 president of the senate, and the speaker of the house of representatives, separate financial and  
23 performance reports regarding the demand-side management programs, including the specific  
24 level of funds that were contributed by the residential, municipal, and commercial and industrial  
25 sectors to the overall programs; the businesses, vendors, and institutions that received funding  
26 from demand-side management gas and electric funds used for the purposes in § 39-2-1.2; and the  
27 businesses, vendors, and institutions that received the administrative funds for the purposes in  
28 sections 39-2-1.2(i) and 39-2-1.2(j). These reports shall be posted electronically on the websites  
29 of the office of energy resources and the energy efficiency resource management council.

30 (l) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank,  
31 each electric distribution company, except for the Pascoag Utility District and Block Island Power  
32 Company, shall remit two percent (2%) of the amount of the 2014 electric demand side charge  
33 collections to the Rhode Island infrastructure bank in accordance with the terms of § 46-12.2-  
34 14.1.

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

5 SECTION 3. Sections 39-26.4-2 and 39-26.4-3 of the General Laws in Chapter 39-26.4  
6 entitled "Net Metering" are hereby amended to read as follows:

7 **39-26.4-2. Definitions.** -- Terms not defined in this section herein shall have the same  
8 meaning as contained in chapter 26 of title 39 of the general laws. When used in this chapter:

9 (1) "Community remote net-metering system" means a facility generating electricity  
10 using an eligible net-metering resource which allocates net metering credits to a minimum of one  
11 account for system associated with low or moderate housing eligible credit recipients, or three (3)  
12 eligible credit recipient customer accounts, provided that no more than fifty percent (50%) of the  
13 credits produced by the system are allocated to one eligible credit recipient, and provided further  
14 at least fifty percent (50%) of the credits produced by the system are allocated to the remaining  
15 eligible credit recipients in an amount not to exceed that which is produced annually by twenty-  
16 five kilowatt (25 kW) AC capacity. The community remote net-metering system may transfer  
17 credits to eligible credit recipients in an amount that is equal to or less than the sum of the usage  
18 of the eligible credit recipient accounts measured by the three (3) year average annual  
19 consumption of energy over the previous three (3) years. A projected annual consumption of  
20 energy may be used until the actual three (3) year average annual consumption of energy over the  
21 previous three (3) years at the eligible credit recipient accounts becomes available for use in  
22 determining eligibility of the generating system. The community remote net-metering system may  
23 be owned by the same entity that is the customer of record on the net metered account or may be  
24 owned by a third party.

25 (2) "Electric distribution company" shall have the same meaning as §39-1-2, but shall not  
26 include block island power company or Pascoag utility district, each of whom shall be required to  
27 offer net metering to customers through a tariff approved by the public utilities commission after  
28 a public hearing. Any tariff or policy on file with the public utilities commission on the date of  
29 passage of this chapter shall remain in effect until the commission approves a new tariff.

30 (3) "Eligible credit recipient" means one of the following eligible recipients in the electric  
31 distribution company's service territory whose electric service account or accounts may receive  
32 net-metering credits from a community remote net-metering system. Eligible credit recipients  
33 include the following definitions:

34 (i) Residential accounts in good standing.

1 (iii) "Low or moderate income housing eligible credit recipient" means an electric service  
2 account or accounts in good standing associated with any housing development or developments  
3 owned operated by a public agency, nonprofit organization, limited equity housing cooperative or  
4 private developer, that receives assistance under any federal, state, or municipal government  
5 program to assist the construction or rehabilitation of housing affordable to low- or moderate-  
6 income households, as defined in the applicable federal or state statute, or local ordinance,  
7 encumbered by a deed restriction or other covenant recorded in the land records of the  
8 municipality in which the housing is located, that:

9 (A) Restricts occupancy of no less than fifty percent (50%) of the housing to households  
10 with a gross annual income that does not exceed eighty percent (80%) of the area median income  
11 as defined annually by the United States Department of Housing and Urban Development (HUD);

12 (B) Restricts the monthly rent, including a utility allowance, that may be charged to  
13 residents, to an amount that does not exceed thirty percent (30%) of the gross monthly income of  
14 a household earning eight percent (80%) of the area median income as defined annually by  
15 HUD;

16 (C) That has an original term of not less than thirty (30) years from initial occupancy.  
17 Electric service account or accounts in good standing associated with housing developments that  
18 are under common ownership or control may be considered a single low- or moderate-income  
19 housing eligible credit recipient for purposes of this section. The value of the credits shall be used  
20 to provide benefits to tenants.

21 ~~(4)~~ (4) "Eligible net metering resource" means eligible renewable energy resource as  
22 defined in § 39-26-5 including biogas created as a result of anaerobic digestion, but, specifically  
23 excluding all other listed eligible biomass fuels;

24 ~~(5)~~ (5) "Eligible Net Metering System" means a facility generating electricity using an  
25 eligible net metering resource that is reasonably designed and sized to annually produce  
26 electricity in an amount that is equal to or less than the renewable self-generator's usage at the  
27 eligible net metering system site measured by the three (3) year average annual consumption of  
28 energy over the previous three (3) years at the electric distribution account(s) located at the  
29 eligible net metering system site. A projected annual consumption of energy may be used until  
30 the actual three (3) year average annual consumption of energy over the previous three (3) years  
31 at the electric distribution account(s) located at the eligible net metering system site becomes  
32 available for use in determining eligibility of the generating system. The eligible net metering  
33 system ~~must~~ may be owned by the same entity that is the customer of record on the net metered  
34 accounts or may be owned by a third party that is not the customer of record at the eligible net-

1 [metering system site and which may offer a third-party net-metering financing arrangement or](#)  
2 [public entity net-metering financing arrangement, as applicable.](#) Notwithstanding any other  
3 provisions of this chapter, any eligible net metering resource: (i) owned by a public entity or  
4 multi-municipal collaborative or (ii) owned and operated by a renewable generation developer on  
5 behalf of a public entity or multi-municipal collaborative through public entity net metering  
6 financing arrangement shall be treated as an eligible net metering system and all accounts  
7 designated by the public entity or multi-municipal collaborative for net metering shall be treated  
8 as accounts eligible for net metering within an eligible net metering system site.

9 ~~(3)~~(6) "Eligible Net Metering System Site" means the site where the eligible net metering  
10 system [or community remote net-metering system](#) is located or is part of the same campus or  
11 complex of sites contiguous to one another and the site where the eligible net metering system [or](#)  
12 [community remote net-metering system](#) is located or a farm in which the eligible net metering  
13 system [or community remote net-metering system](#) is located. Except for an eligible net metering  
14 system owned by or operated on behalf of a public entity or multi-municipal collaborative  
15 through a public entity net metering financing arrangement, the purpose of this definition is to  
16 reasonably assure that energy generated by the eligible net metering system is consumed by net  
17 metered electric service account(s) that are actually located in the same geographical location as  
18 the eligible net metering system. [All energy generated from any eligible net-metering system is](#)  
19 [and will be considered consumed at the meter where the renewable energy resource is](#)  
20 [interconnected for valuation purposes.](#) Except for an eligible net metering system owned by or  
21 operated on behalf of a public entity or multi- municipal collaborative through a public entity net  
22 metering financing arrangement, [or except for a community remote net-metering system,](#) all of  
23 the net metered accounts at the eligible net metering system site must be the accounts of the same  
24 customer of record and customers are not permitted to enter into agreements or arrangements to  
25 change the name on accounts for the purpose of artificially expanding the eligible net metering  
26 system site to contiguous sites in an attempt to avoid this restriction. However, a property owner  
27 may change the nature of the metered service at the accounts at the site to be master metered in  
28 the owner's name, or become the customer of record for each of the accounts, provided that the  
29 owner becoming the customer of record actually owns the property at which the account is  
30 located. As long as the net metered accounts meet the requirements set forth in this definition,  
31 there is no limit on the number of accounts that may be net metered within the eligible net  
32 metering system site.

33 ~~(4)~~(7) "Excess Renewable Net Metering Credit" means a credit that applies to an eligible  
34 net metering system [or community remote net-metering system](#) for that portion of the ~~renewable~~

1 ~~self-generator's~~ production of ~~electricity~~ electrical energy beyond one hundred percent (100%)  
2 and no greater than one hundred twenty-five percent (125%) of the renewable self-generator's  
3 own consumption at the eligible net metering system site or the sum of the usage of the eligible  
4 credit recipient accounts associated with the community remote net-metering system during the  
5 applicable billing period. Such excess renewable net metering credit shall be equal to the electric  
6 distribution company's avoided cost rate, which is hereby declared to be the electric distribution  
7 company's standard offer service kilo-watt hour (kWh) charge for the rate class and time-of-use  
8 billing period (if applicable) applicable to the ~~distribution customer account(s) at~~ customer of  
9 record for the eligible net metering system ~~site~~ or applicable to the customer of record for the  
10 community remote net-metering system. ~~Where there are accounts at the eligible net metering~~  
11 ~~system site in different rate classes, the electric distribution company may calculate the excess~~  
12 ~~renewable net metering credit based on the average of the standard offer service rates applicable~~  
13 ~~to those on site accounts. The electric distribution company has the option to use the energy~~  
14 ~~received from such excess generation to serve the standard offer service load.~~ The commission  
15 shall have the authority to make determinations as to the applicability of this credit to specific  
16 generation facilities to the extent there is any uncertainty or disagreement.

17 ~~(5)~~(8) "Farm" shall be defined in accordance with § 44-27-2, except that all buildings  
18 associated with the farm shall be eligible for net metering credits as long as: (i) The buildings are  
19 owned by the same entity operating the farm or persons associated with operating the farm; and  
20 (ii) The buildings are on the same farmland as the project on either a tract of land contiguous with  
21 or reasonably proximate to such farmland or across a public way from such farmland.

22 ~~(6)~~(9) "Multi-municipal collaborative" means a group of towns and/or cities that enter  
23 into an agreement for the purpose of co-owning a renewable generation facility or entering into a  
24 financing arrangement pursuant to subdivision ~~(7)~~(10).

25 ~~(7)~~(10) "Public entity net metering financing arrangement" means arrangements entered  
26 into by a public entity or multi-municipal collaborative with a private entity to facilitate the  
27 financing and operation of a net metering resource, in which the private entity owns and operates  
28 an eligible net metering resource on behalf of a public entity or multi-municipal collaborative,  
29 where: (i) The eligible net metering resource is located on property owned or controlled by the  
30 public entity or one of the municipalities, as applicable, and (ii) The production from the eligible  
31 net metering resource and primary compensation paid by the public entity or multi-municipal  
32 collaborative to the private entity for such production is directly tied to the consumption of  
33 electricity occurring at the designated net metered accounts.

34 ~~(8)~~(11) "Net metering" means using ~~electricity~~ electrical energy generated by an eligible



1 net metering system for the purpose of self-supplying electrical energy and power at the eligible  
2 net metering system site, or with respect to a community remote net-metering system, for the  
3 purpose of generating net-metering credits to be applied to the electric bills of the eligible credit  
4 recipients associated with the community net-metering system. The amount so generated will ~~and~~  
5 thereby ~~offsetting~~ offset consumption at the eligible net metering system site through the netting  
6 process established in this chapter, or with respect to a community remote net-metering system,  
7 the amounts generated in excess of that amount will result in credits being applied to the eligible  
8 credit recipient accounts associated with the community remote net-metering system.

9 ~~(9)~~(12) "Net metering customer" means a customer of the electric distribution company  
10 receiving and being billed for distribution service whose distribution account(s) are being net  
11 metered.

12 ~~(10)~~(13) "Person" means an individual, firm, corporation, association, partnership, farm,  
13 town or city of the State of Rhode Island, multi-municipal collaborative, or the State of Rhode  
14 Island or any department of the state government, governmental agency or public instrumentality  
15 of the state.

16 ~~(11)~~(14) "Project" means a distinct installation of an eligible net metering system or a  
17 community remote net-metering system. An installation will be considered distinct if it is  
18 installed in a different location, or at a different time, or involves a different type of renewable  
19 energy.

20 ~~(12)~~(15) "Public entity" means the state of Rhode Island, municipalities, wastewater  
21 treatment facilities, public transit agencies or any water distributing plant or system employed for  
22 the distribution of water to the consuming public within this state including the water supply  
23 board of the city of Providence.

24 ~~(13)~~(16) "Renewable Net Metering Credit" means a credit that applies to an Eligible Net  
25 Metering System or a community remote net-metering system up to one hundred percent (100%)  
26 of either the renewable self-generator's usage at the Eligible Net Metering System Site or the sum  
27 of the usage of the eligible credit recipient accounts associated with the community remote net-  
28 metering system over the applicable billing period. This credit shall be equal to the total kilowatt  
29 hours of ~~electricity~~ electrical energy generated up to the amount ~~and~~ consumed on-site, and/or  
30 generated up to the sum of the eligible credit recipient account usage during the billing period  
31 multiplied by the sum of the distribution company's:

32 (i) Standard offer service kilowatt hour charge for the rate class applicable to the net  
33 metering customer, except that for remote public entity and multi-municipality collaborative net-  
34 metering systems that submit an application for an interconnection study on or after July 1, 2017

1 and community remote net-metering systems, the standard offer service kilowatt hour charge  
2 shall be net of the renewable energy standard charge or credit;

3 (ii) Distribution kilowatt hour charge;

4 (iii) Transmission kilowatt hour charge; and

5 (iv) Transition kilowatt hour charge.

6 Notwithstanding the foregoing, except for systems that have requested an interconnection  
7 study for which payment has been received by the distribution company, or if an interconnection  
8 study is not required, a completed and paid interconnection application, by December 31, 2018,  
9 the renewable net-metering credit for all remote public entity and multi-municipal collaborative  
10 net-metering systems shall not include the distribution kilowatt hour charge commencing on  
11 January 1, 2050.

12 ~~(14)~~(17) "Renewable self-generator" means an electric distribution service customer of  
13 record for the eligible net-metering system or community remote net-metering system at the  
14 eligible net-metering system site ~~who installs or arranges for an installation of renewable~~  
15 ~~generation that~~ which system is primarily designed to produce ~~electricity~~ electrical energy for  
16 consumption by that same customer at its distribution service account(s), and/or, with respect to  
17 community remote net-metering systems, electrical energy which generates net-metering credits  
18 to be applied to offset the eligible credit recipient account usage.

19 ~~(15)~~(18) "Municipality" means any Rhode Island town or city, including any agency or  
20 instrumentality thereof, with the powers set forth in title 45 of the general laws.

21 (19) "Third Party" means and includes any person or entity other than the renewable self-  
22 generator who owns or operates the eligible net-metering system or community remote net-  
23 metering system on the eligible net-metering system site for the benefit of the renewable self-  
24 generator.

25 (20) "Third-party net-metering financing arrangement" means the financing of eligible  
26 net-metering systems or community remote net-metering systems through lease arrangements or  
27 power/credit purchase agreements between a third party and renewable self-generator, except for  
28 those entities under a public entity net-metering finance arrangement. A third party engaged in  
29 providing financing arrangements related to such net-metering systems with a public or private  
30 entity is not a public utility as defined in §39-1-2.

31 **39-26.4-3. Net metering.** -- (a) The following policies regarding net metering of  
32 electricity from eligible net metering systems and community remote net-metering systems and  
33 regarding any person that is a renewable self-generator shall apply:

34 (1)(i) The maximum, allowable capacity for eligible net-metering systems, based on

1 nameplate capacity, shall be ~~five megawatts (5 mw)~~ ten megawatts (10 mw), effective sixty (60)  
2 days after passage. The aggregate amount of net metering in the Block Island Power Company  
3 and the Pascoag Utility District shall not exceed three percent (3%) of peak load for each utility  
4 district; and

5 (ii) Through December 31, 2018, the maximum aggregate amount of community remote  
6 net-metering systems built shall be thirty megawatts (30 MW). Any of the unused MW amount  
7 after December 31, 2018, shall remain available to community remote net-metering systems until  
8 the MW aggregate amount is interconnected. After December 31, 2018, the commission may  
9 expand or modify the aggregate amount after a public hearing upon petition by the office of  
10 energy resources. The commission shall determine within six (6) months of such petition being  
11 docketed by the commission whether the benefits of the proposed expansion exceed the cost. This  
12 aggregate amount shall not apply to public entity facilities or multi-municipal collaborative  
13 facilities. By June 30, 2019, the commission shall conduct a study examining the cost to all  
14 customers of the inclusion of the distribution charge as a part of the net-metering calculation.

15 (2) For ease of administering net-metered accounts and stabilizing net metered account  
16 bills, the electric-distribution company may elect (but is not required) to estimate for any twelve-  
17 month (12) period:

18 (i) The production from the eligible net metering system or community remote net-  
19 metering system; and

20 (ii) Aggregate consumption of the net-metered accounts at the eligible net-metering  
21 system site or the sum of the consumption of the eligible credit recipient accounts associated with  
22 the community remote net-metering system, and establish a monthly billing plan that reflects the  
23 expected credits that would be applied to the net-metered accounts over twelve (12) months. The  
24 billing plan would be designed to even out monthly billings over twelve (12) months, regardless  
25 of actual production and usage. If such election is made by the electric-distribution company, the  
26 electric-distribution company would reconcile payments and credits under the billing plan to  
27 actual production and consumption at the end of the twelve-month (12) period and apply any  
28 credits or charges to the net-metered accounts for any positive or negative difference, as  
29 applicable. Should there be a material change in circumstances at the eligible net-metering system  
30 site or associated accounts during the twelve-month (12) period, the estimates and credits may be  
31 adjusted by the electric-distribution company during the reconciliation period. The electric-  
32 distribution company also may elect (but is not required) to issue checks to any net metering  
33 customer in lieu of billing credits or carry forward credits or charges to the next billing period.  
34 For residential eligible net metering systems and community remote net-metering systems

1 twenty-five kilowatts (25 kw) or smaller, the electric-distribution company, at its option, may  
2 administer renewable net-metering credits month to month allowing unused credits to carry  
3 forward into the following billing period.

4 (3) If the electricity generated by an eligible net-metering system or community remote  
5 net-metering system during a billing period is equal to, or less than the net-metering customer's  
6 usage at the eligible net-metering system site or the sum of the usage of the eligible credit  
7 recipient accounts associated with the community remote net-metering system during the billing  
8 period ~~for electric distribution company customer accounts at the eligible net-metering system~~  
9 ~~site~~, the customer shall receive renewable net-metering credits, that shall be applied to offset the  
10 net-metering customer's usage on accounts at the eligible net-metering-system site, or shall be  
11 used to credit the eligible credit recipient's electric account.

12 (4) If the electricity generated by an eligible net-metering system or community remote  
13 net-metering system during a billing period is greater than the net-metering customer's usage on  
14 accounts at the eligible net-metering-system site or the sum of the usage of the eligible credit  
15 recipient accounts associated with the community remote net-metering system during the billing  
16 period, the customer shall be paid by excess renewable net-metering credits for the excess  
17 electricity generated up to an additional twenty-five percent (25%) beyond the net-metering  
18 customer's usage at the eligible net-metering-system site, or the sum of the usage of the eligible  
19 credit recipient accounts associated with the community remote net-metering system ~~up to an~~  
20 ~~additional twenty five percent (25%) of the renewable self-generator's consumption~~ during the  
21 billing period; unless the electric-distribution company and net-metering customer have agreed to  
22 a billing plan pursuant to subdivision (3).

23 (5) The rates applicable to any net-metered account shall be the same as those that apply  
24 to the rate classification that would be applicable to such account in the absence of net-metering,  
25 including customer and demand charges, and no other charges may be imposed to offset net  
26 metering credits.

27 (b) The commission shall exempt electric-distribution company customer accounts  
28 associated with an eligible, net-metering system from back-up or standby rates commensurate  
29 with the size of the eligible net-metering system, provided that any revenue shortfall caused by  
30 any such exemption shall be fully recovered by the electric distribution company through rates.

31 (c) Any prudent and reasonable costs incurred by the electric-distribution company  
32 pursuant to achieving compliance with subsection (a) and the annual amount ~~of the distribution~~  
33 ~~component~~ of any renewable net-metering credits or excess, renewable net-metering credits  
34 provided to accounts associated with eligible net-metering systems or community remote net-

1 [metering systems](#), shall be aggregated by the distribution company and billed to all distribution  
2 customers on an annual basis through a uniform, per-kilowatt-hour (kwh) surcharge embedded in  
3 the distribution component of the rates reflected on customer bills.

4 (d) The billing process set out in this section shall be applicable to electric-distribution  
5 companies thirty (30) days after the enactment of this chapter.

6 SECTION 4. Sections 39-26.6-3, 39-26.6-4, 39-26.6-5, 39-26.6-7 and 39-26.6-21 of the  
7 General Laws in Chapter 39-26.6 entitled "The Renewable Energy Growth Program" are hereby  
8 amended to read as follows:

9 **39-26.6-3. Definitions.** -- When used in this chapter, the following terms shall have the  
10 following meanings:

11 (1) "Commission" means the Rhode Island public utilities commission.

12 (2) "Board" shall mean the distributed-generation board as established pursuant to the  
13 provisions of § 39-26.2-10 under the title distributed generation standard contract board, but shall  
14 also fulfill the responsibilities set forth in this chapter.

15 (3) "Commercial-scale solar project" means a solar distributed generation project with  
16 the nameplate capacity specified in § 39-26.6-7.

17 (4) "Distributed generation facility" means an electrical generation facility located in the  
18 electric distribution company's load zone with a nameplate capacity no greater than five  
19 megawatts (5 MW), using eligible renewable energy resources as defined by § 39-26-5, including  
20 biogas created as a result of anaerobic digestion, but, specifically excluding all other listed  
21 eligible biomass fuels, and connected to an electrical power system owned, controlled, or  
22 operated by the electric distribution company. For purposes of this chapter, a distributed  
23 generation facility must be a new resource that:

24 (i) Has not begun operation;

25 (ii) Is not under construction, but excluding preparatory site work that is less than  
26 twenty-five percent (25%) of the estimated total project cost; and

27 (iii) Except for small-scale solar projects, does not have in place investment or lending  
28 agreements necessary to finance the construction of the facility prior to the submittal of an  
29 application or bid for which the payment of performance-based incentives are sought under this  
30 chapter except to the extent that such financing agreements are conditioned upon the project  
31 owner being awarded performance-based incentives under the provisions of this chapter. For  
32 purposes of this definition, pre-existing hydro generation shall be exempt from the provisions of  
33 subsection (i) of this section, regarding operation, if the hydro-generation facility will need a  
34 material investment to restore or maintain reliable and efficient operation and meet all regulatory,

1 environmental, or operational requirements. For purposes of this provision, "material investment"  
2 shall mean investment necessary to allow the project to qualify as a new, renewable-energy  
3 resource under § 39-26-2(2). To be eligible for this exemption, the hydro-project developer at the  
4 time of submitting a bid in the applicable procurement must provide reasonable evidence with its  
5 bid application showing the level of investment needed, along with any other facts that support a  
6 finding that the investment is material, the determination of which shall be a part of the bid  
7 review process set forth in § 39-26.6-16 for the award of bids.

8 (5) "Community remote distributed generation system" means a distributed generation  
9 facility greater than two hundred fifty kilowatt (250 kW) nameplate direct current which allocates  
10 bill credits for each kilowatt hour (kWh) generated to a minimum of three (3) eligible recipient  
11 customer accounts, provided that no more than fifty percent (50%) of the credits produced by the  
12 system are allocated to one eligible recipient customer account, and provided further that at least  
13 fifty percent (50%) of the credits produced by the system are allocated to eligible recipients in an  
14 amount not to exceed that which is produced annually by twenty-five kilowatt (25 kW) AC  
15 capacity. The community remote distributed generation system may transfer credits to eligible  
16 recipient customer accounts in an amount that is equal to or less than the sum of the usage of the  
17 eligible recipient customer accounts measured by the three (3) year average annual consumption  
18 of energy over the previous three (3) years. A projected annual consumption of energy may be  
19 used until the actual three (3) year average annual consumption of energy over the previous three  
20 (3) years at the eligible recipient customer accounts becomes available for use in determining  
21 eligibility of the generating system. The community remote distributed generation system may be  
22 owned by the same entity that is the customer of record on the net-metered account or may be  
23 owned by a third party.

24 ~~(5)~~(6) "Distributed-generation project" means a distinct installation of a distributed-

25 ~~(5)~~(6) "Distributed-generation project" means a distinct installation of a distributed-  
26 generation facility. An installation will be considered distinct if it does not violate the  
27 segmentation prohibition set forth in § 39-26.6-9.

28 ~~(6)~~(7) "Electric distribution company" means a company defined in § 39-1-2(12),  
29 supplying standard-offer service, last-resort service, or any successor service to end-use  
30 customers, but not including the Block Island Power Company or the Pascoag Utility District.

31 ~~(7)~~(8) "ISO-NE" means Independent System Operator-New England, the Regional  
32 Transmission Organization for New England designated by the Federal Energy Regulatory  
33 Commission.

34 ~~(8)~~(9) "Large distributed-generation project" means a distributed-generation project that

1 has a nameplate capacity that exceeds the size of a small, distributed-generation project in a given  
2 year, but is no greater than five megawatts (5 MW) nameplate capacity.

3 ~~(9)~~(10) "Large-scale solar project" means a solar distributed-generation project with the  
4 nameplate capacity specified in § 39-26.6-7.

5 ~~(10)~~(11) "Medium-scale solar project" means a solar distributed-generation project with  
6 the nameplate capacity specified in § 39-26.6-7.

7 ~~(11)~~(12) "Office" means the Rhode Island office of energy resources.

8 ~~(12)~~(13) "Program year" means a year beginning April 1 and ending March 31, except  
9 for the first program year, that may commence after April 1, 2015, subject to commission  
10 approval.

11 ~~(13)~~(14) "Renewable energy classes" means categories for different renewable-energy  
12 technologies using eligible renewable-energy resources as defined by § 39-26-5, including biogas  
13 created as a result of anaerobic digestion, but, specifically excluding all other listed eligible  
14 biomass fuels specified in § 39-26-2(6). For each program year, in addition to the classes of solar  
15 distributed-generation specified in § 39-26.6-7, the board shall determine the renewable-energy  
16 classes as are reasonably feasible for use in meeting distributed-generation objectives from  
17 renewable-energy resources and are consistent with the goal of meeting the annual target for the  
18 program year. The board may make recommendations to the commission to add, eliminate, or  
19 adjust renewable-energy classes for each program year, provided that the solar classifications set  
20 forth in § 39-26.6-7 shall remain in effect for at least the first two (2) program years and no  
21 distributed-generation project may exceed five megawatts (5MW) of nameplate capacity.

22 ~~(14)~~(15) "Renewable-energy certificate" means a New England Generation Information  
23 System renewable energy certificate as defined in § 39-26-2(13).

24 (16) "Shared solar facility" means a single small-scale or medium-scale solar facility that  
25 must allocate bill credits to at least two (2) and no more than fifty (50) accounts in the same  
26 customer class and on the same or adjacent parcels of land. Public entities may allocate such bill  
27 credits to at least two (2) and up to fifty (50) accounts without regard to physical location so long  
28 as the facility and accounts are within the same municipality. In no case will the annual allocated  
29 credits in kWh exceed the prior three (3) year annual average usage, less any reductions for  
30 verified energy efficiency measures installed at the customer premises, of the customer account to  
31 which the bill credits are transferred.

32 ~~(15)~~(17) "Small-scale solar project" means a solar distributed-generation project with the  
33 nameplate capacity specified in § 39-26.6-7.

34 ~~(16)~~(18) "Small distributed-generation project" means a distributed generation renewable

1 energy project that has a nameplate capacity within the following: Wind: fifty kilowatts (50 KW)  
2 to one and one-half megawatts (1.5 MW); small-scale solar projects and medium-scale solar  
3 projects with the capacity limits as specified in § 39-26.6-7. For technologies other than solar and  
4 wind, the board shall set the nameplate capacity size limits, but such limits may not exceed one  
5 (1MW) megawatt

6 ~~(17)~~(19) "Ceiling price" means the bidding price cap applicable to an enrollment for a  
7 given distributed-generation class, that shall be approved annually for each renewable-energy  
8 class pursuant to the procedure established in this chapter. The ceiling price for each technology  
9 should be a price that would allow a private owner to invest in a given project at a reasonable rate  
10 of return, based on recently reported and forecast information on the cost of capital, and the cost  
11 of generation equipment. The calculation of the reasonable rate of return for a project shall  
12 include, where applicable, any state or federal incentives, including, but not limited to, tax  
13 incentives.

14 **39-26.6-4. Continuation of board.** -- (a) The distributed generation standard contract  
15 board shall remain fully constituted and authorized as provided in chapter 26.2 of title 39  
16 provided, however, that the name shall be changed to the "distributed-generation board."  
17 Additional purposes of the board shall be to:

18 (1) Evaluate and make recommendations to the commission regarding ceiling prices and  
19 annual targets, the make-up of renewable-energy classifications eligible under the distributed-  
20 generation growth program, the terms of the tariffs, and other duties as set forth in this chapter;

21 (2) Provide consistent, comprehensive, informed, and publicly accountable involvement  
22 by representatives of all interested stakeholders affected by, involved with, or knowledgeable  
23 about the development of distributed-generation projects that are eligible for performance-based  
24 incentives under the distributed-generation growth program; and

25 (3) Monitor and evaluate the effectiveness of the distributed-generation growth program.

26 (b) The office, in consultation with the board, shall be authorized to hire, or to request  
27 the electric-distribution company to hire, the services of qualified consultants to perform ceiling  
28 price studies subject to commission approval that shall be granted or denied within sixty (60)  
29 days of receipt of such request from the office. The cost of such studies shall be recoverable  
30 through the rate reconciliation provisions of the electric-distribution company set forth in § 39-  
31 26.6-25, subject to commission approval. In addition, the office, in consultation with the board,  
32 may request the commission to approve other costs incurred by the board, office or the electric-  
33 distribution company to utilize consultants for annual programmatic services or to perform any  
34 other studies and reports, subject to the review and approval of the commission, that shall be



1 granted or denied within one hundred twenty (120) days of receipt of such request from the  
2 office, and that shall be recoverable through the same reconciliation provisions.

3 **39-26.6-5. Tariffs proposed and approved.** -- (a) Each year, for a period of at least five  
4 (5) program years, the electric-distribution company shall file tariffs with the commission that are  
5 designed to provide a multi-year stream of performance-based incentives to eligible renewable-  
6 distributed generation projects for a term of years, under terms and conditions set forth in the  
7 tariffs and approved by the commission. The tariffs shall set forth the rights and obligations of the  
8 owner of the distributed-generation project and the conditions upon which payment of  
9 performance-based incentives by the electric-distribution company will be paid. The tariffs shall  
10 include the non-price conditions set forth in §§ 39-26.2-7(2)(i) - (vii) for small distributed-  
11 generation projects (other than small-and medium-scale solar) and large distributed-generation  
12 projects; provided, however, that the time periods for such projects to reach ninety percent (90%)  
13 of output shall be extended to twenty-four (24) months (other than eligible anaerobic-digestion  
14 projects which shall be thirty-six (36) months, and eligible small-scale hydro, which shall be  
15 forty-eight (48) months). The non-price conditions in the tariffs for small-and medium-scale solar  
16 shall take into account the different circumstances for distributed generation projects of the  
17 smaller sizes.

18 (b) In addition to the tariff(s), the filing shall include the rules governing the solicitation  
19 and enrollment process. The solicitation rules will be designed to ensure the orderly functioning  
20 of the distributed-generation growth program and shall be consistent with the legislative purposes  
21 of this chapter.

22 (c) In proposing the tariff(s) and solicitation rules applicable to each year, the tariff(s)  
23 and rules shall be developed by the electric distribution company and will be reviewed by the  
24 office and the board before being sent to the commission for its approval. The proposed tariffs  
25 shall include the ceiling prices and term lengths for each tariff that are recommended by the  
26 board. The term lengths shall be from fifteen (15) to twenty (20) years, provided, however, that  
27 the board may recommend shorter terms for small-scale solar projects. Whatever term lengths  
28 between fifteen (15) and twenty (20) years are chosen for any given tariff, the evaluation of the  
29 bids for that tariff shall be done on a consistent basis such that the same term lengths for  
30 competing bids are used to determine the winning bids.

31 (d) The board shall use the same standards for setting ceiling prices as set forth in § 39-  
32 26.2-5. In setting the ceiling prices, the board may specifically consider:

33 (1) Transactions for newly developed renewable-energy resources, by technology and  
34 size, in the ISO-NE control area and the northeast corridor;

- 1 (2) Pricing from bids received during the previous program year;
- 2 (3) Environmental benefits, including, but not limited to, reducing carbon emissions;
- 3 (4) for community remote distributed generation systems, administrative costs and
- 4 financial benefits for participating customers;
- 5 ~~(4)~~(5) System benefits; and
- 6 ~~(5)~~(6) Cost effectiveness.

7 (e) At least forty-five (45) days before filing the tariff(s) and solicitation rules, the

8 electric distribution company shall provide the tariff(s) and rules in draft form to the board for

9 review. The commission shall have the authority to determine the final terms and conditions in

10 the tariff and rules. Once approved, the commission shall retain exclusive jurisdiction over the

11 performance-based incentive payments, terms, conditions, rights, enforcement, and

12 implementation of the tariffs and rules, subject to appeals pursuant to chapter 5 of title 39.

13 **39-26.6-7. Solar project size categories.** -- (a) Tariff(s) shall be proposed for each of the

14 following solar distributed generation classes:

- 15 (1) Small-scale solar projects;
- 16 (2) Medium-scale solar projects;
- 17 (3) Commercial-scale solar projects; and
- 18 (4) Large-scale solar projects.

19 (b) Such classes of solar distributed-generation projects shall be established based on

20 nameplate megawatt size as follows:

- 21 (1) Large scale: solar projects from one megawatt (1 MW), up to and including, five
- 22 megawatts (5 MW) nameplate capacity;
- 23 (2) Commercial scale: solar projects greater than two hundred fifty kilowatts (250 kW),
- 24 but less than one megawatt (1 MW) nameplate capacity;
- 25 (3) Medium scale: solar projects greater than twenty-five kilowatts (25 kW), up to and
- 26 including, two hundred fifty kilowatts (250 kW) nameplate capacity; and
- 27 (4) Small scale: solar projects, up to and including, twenty-five kilowatts (25 kW)
- 28 nameplate capacity.

29 (c) Other classifications of solar projects may also be proposed by the board, subject to

30 the approval of the commission. After the second program year, the board may make

31 recommendations to the commission to adjust the size categories of the solar classes, provided

32 that the medium-scale solar projects may not exceed two hundred fifty kilowatts (250 kW);

33 and/or allocated capacity to community distributed generation facilities, allowing them to

34 compete or enroll under a distinct ceiling price.

1           **39-26.6-21. Ownership of output, other attributes, and renewable energy**  
2 **certificates.** -- (a) Except as provided herein for residential small-scale solar projects, distributed-  
3 generation projects participating in the renewable energy-growth program shall transfer to the  
4 electric-distribution company the rights and title to:

5           (1) Those renewable-energy certificates generated by the project during the term of the  
6 applicable, performance-based incentive tariff;

7           (2) All energy produced by the generation that is not otherwise consumed on site under a  
8 net-metering arrangement; and

9           (3) Rights to any other environmental attributes or market products that are created or  
10 produced by the project; provided, however, that it shall be the election of the electric-distribution  
11 company whether it chooses to acquire the capacity of the distributed-generation projects under  
12 the tariffs set forth in this chapter and no ceiling prices recommended by the board and approved  
13 by the commission will be adjusted downward in light of the electric-distribution company's  
14 election. The electric-distribution company shall: (1) Sell ~~sell~~ any products acquired and credit  
15 them to the reconciliation account specified in § 39-26.6-25; and/or (2) Use such products to  
16 serve customers and establish a price to be credited by customers using such products based on  
17 recent and near-term projections of market prices. When a generator reverts to net metering after  
18 the end of the tariff term under the renewable-energy growth program, the net-metering generator  
19 shall retain title to the renewable-energy certificates generated by the project. In the case of  
20 residential, small-scale projects, title to all energy and capacity produced from the solar  
21 generation shall remain with the residential customer; shall not be transferred to the electric-  
22 distribution company; and shall be deemed consumed by the residential customer on-site during  
23 the applicable, distribution-service billing period with no sale or purchase between the residential  
24 customer and the electric-distribution company.

25           (b) For the accounting purposes of the electric-distribution company in treating the  
26 performance-based incentives, the cost of the energy that is procured shall be the real time market  
27 price of energy and the balance of the performance-based incentive shall be attributable to the  
28 purchase of environmental and any other attributes acquired. This accounting shall have no effect  
29 on the total, bundled performance-based incentive to which the distributed-generation project is  
30 entitled under the provisions of this chapter.

31           SECTION 5. Chapter 39-26.6 of the General Laws entitled "The Renewable Energy  
32 Growth Program" is hereby amended by adding thereto the following sections:

33           **39-26.6-26. Shared solar facilities.** -- (a) In order to facilitate the adoption of solar by  
34 customers in multifamily structures, campuses, multi-structure business parks, multitenant or

1 multi-owner commercial facilities, and public entities with multiple accounts, the electric  
2 distribution company may establish rules and tariffs for program years starting on or after April 1,  
3 2016. Such rules and tariffs will set forth the requirements for eligible recipients, credit transfers,  
4 consumer protection, and other considerations and terms, with input from the office, for the  
5 commission's review and approval.

6 (b) Shared solar facilities will receive the same ceiling price and enroll from the same  
7 classes of other projects of the same size and ownership as established by the board for a given  
8 program year.

9 (c) All customer accounts receiving bill credits shall be in the same customer class and  
10 the bill credit value from the shared solar facility shall be determined by the recipients' rate class  
11 and not that of the facility owner. The credit value shall be the distribution, transition,  
12 transmission and standard offer supply rates of the bill credit recipients.

13 (d) Any value of bill credits not transferred from the shared solar facility shall be  
14 included in the total performance based incentive, which shall be paid in accordance with the  
15 tariffs established by the electric distribution company.

16 **39-26.6-27. Community remote distributed generation system.--** (a) In order to  
17 facilitate the adoption of participation in renewable energy projects by eligible customers the  
18 board may allocate a portion of the annual MW goal to a separate class or classes of community  
19 remote distributed generation systems, which may compete under separate ceiling prices from  
20 non-community remote distributed generation systems, for program years starting on or after  
21 April 1, 2016.

22 (b) Upon such allocation by the board, the electric distribution company shall establish  
23 rules and tariffs for program years starting on or after April 1, 2016, which rules and tariffs will  
24 set forth the requirements for eligible recipients, credit transfers, consumer protection, and other  
25 considerations and terms, with input from the office, for the commission's review and approval.

26 (c) The value of credits to be allocated to credit recipients may be a fixed rate provided  
27 by the system owner, but shall not be greater than the sum of the standard offer service, less the  
28 renewable energy standard charge or credit, and the transmission and transition rates, of the credit  
29 recipient as offered by the electric distribution company in effect at the time of establishing the  
30 transfer. If a fixed credit rate is not provided, the default credit will be the sum of the standard  
31 offer service, less the renewable energy standard charge or credit, and the transmission and  
32 transition rates, of the credit recipient as offered by the electric distribution company in effect at  
33 the time of the transfer.

34 (d) Any credits not allocated in any month will be valued at the then current default credit

1 rate, and deducted from the total performance based incentive of the enrolled system.

2 (e) Community remote distributed generation systems shall not:

3 (1) Comprise more than thirty percent (30%) of the annual total of capacity available  
4 under the renewable energy growth program in each year;

5 (2) Be subject to a ceiling price that is more than fifteen percent (15%) higher than the  
6 then in effect ceiling price for the same technology of the same size as recommended by the  
7 board and approved by the commission; or

8 (3) Transfer credits to any account in an amount that in kWh exceeds the prior three (3)  
9 year annual average usage.

10 SECTION 6. Sections 44-3-3 and 44-3-9 of the General Laws in Chapter 44-3 entitled  
11 "Property Subject to Taxation" are hereby amended to read as follows:

12 **44-3-3. Property exempt.** -- (a) The following property is exempt from taxation.

13 (1) Property belonging to the state except as provided in § 44-4-4.1;

14 (2) Lands ceded or belonging to the United States;

15 (3) Bonds and other securities issued and exempted from taxation by the government of  
16 the United States or of this state;

17 (4) Real estate, used exclusively for military purposes, owned by chartered or  
18 incorporated organizations approved by the adjutant general and composed of members of the  
19 national guard, the naval militia, or the independent chartered military organizations;

20 (5) Buildings for free public schools, buildings for religious worship, and the land upon  
21 which they stand and immediately surrounding them, to an extent not exceeding five (5) acres so  
22 far as the buildings and land are occupied and used exclusively for religious or educational  
23 purposes;

24 (6) Dwellings houses and the land on which they stand, not exceeding one acre in size, or  
25 the minimum lot size for zone in which the dwelling house is located, whichever is the greater,  
26 owned by, or held in trust for, any religious organization and actually used by its officiating  
27 clergy; provided, further, that in the town of Charlestown, where the property previously  
28 described in this paragraph is exempt in total, along with dwelling houses and the land on which  
29 they stand in Charlestown, not exceeding one acre in size, or the minimum lot size for zone in  
30 which the dwelling house is located, whichever is the greater, owned by, or held in trust for, any  
31 religious organization and actually used by its officiating clergy, or used as a convent, nunnery, or  
32 retreat center by its religious order.

33 (7) Intangible personal property owned by, or held in trust for, any religious or charitable  
34 organization, if the principal or income is used or appropriated for religious or charitable

1 purposes;

2 (8) Buildings and personal estate owned by any corporation used for a school, academy,  
3 or seminary of learning, and of any incorporated public charitable institution, and the land upon  
4 which the buildings stand and immediately surrounding them to an extent not exceeding one acre,  
5 so far as they are used exclusively for educational purposes, but no property or estate whatever is  
6 hereafter exempt from taxation in any case where any part of its income or profits, or of the  
7 business carried on there, is divided among its owners or stockholders; provided, however, that  
8 unless any private nonprofit corporation organized as a college or university located in the town  
9 of Smithfield reaches a memorandum of agreement with the town of Smithfield, the town of  
10 Smithfield shall bill the actual costs for police, fire, and rescue services supplied, unless  
11 otherwise reimbursed, to said corporation commencing March 1, 2014;

12 (9) Estates, persons, and families of the president and professors for the time being of  
13 Brown University for not more than ten thousand dollars (\$10,000) for each officer, the officer's  
14 estate, person, and family included, but only to the extent that any person had claimed and  
15 utilized the exemption prior to, and for a period ending, either on or after December 31, 1996;

16 (10) Property especially exempt by charter unless the exemption has been waived in  
17 whole or in part;

18 (11) Lots of land exclusively for burial grounds;

19 (12) Property, real and personal, held for, or by, an incorporated library, society, or any  
20 free public library, or any free public library society, so far as the property is held exclusively for  
21 library purposes, or for the aid or support of the aged poor, or poor friendless children, or the poor  
22 generally, or for a nonprofit hospital for the sick or disabled;

23 (13) Real or personal estate belonging to, or held in trust for, the benefit of incorporated  
24 organizations of veterans of any war in which the United States has been engaged, the parent  
25 body of which has been incorporated by act of Congress, to the extent of four hundred thousand  
26 dollars (\$400,000) if actually used and occupied by the association; provided, that the city council  
27 of the city of Cranston may by ordinance exempt the real or personal estate as previously  
28 described in this subdivision located within the city of Cranston to the extent of five hundred  
29 thousand dollars (\$500,000);

30 (14) Property, real and personal, held for, or by, the fraternal corporation, association, or  
31 body created to build and maintain a building or buildings for its meetings or the meetings of the  
32 general assembly of its members, or subordinate bodies of the fraternity, and for the  
33 accommodation of other fraternal bodies or associations, the entire net income of which real and  
34 personal property is exclusively applied or to be used to build, furnish, and maintain an asylum or

1 asylums, a home or homes, a school or schools, for the free education or relief of the members of  
2 the fraternity, or the relief, support, and care of worthy and indigent members of the fraternity,  
3 their wives, widows, or orphans, and any fund given or held for the purpose of public education,  
4 almshouses, and the land and buildings used in connection therewith;

5 (15) Real estate and personal property of any incorporated volunteer fire engine company  
6 or incorporated volunteer ambulance or rescue corps in active service;

7 (16) The estate of any person who, in the judgment of the assessors, is unable from  
8 infirmity or poverty to pay the tax; providing, that in the town of Burrillville the tax shall  
9 constitute a lien for five (5) years on the property where the owner is entitled to the exemption. At  
10 the expiration of five (5) years, the lien shall be abated in full. Provided, if the property is sold or  
11 conveyed, or if debt secured by the property is refinanced during the five (5) year period, the lien  
12 immediately becomes due and payable; any person claiming the exemption aggrieved by an  
13 adverse decision of an assessor shall appeal the decision to the local board of tax review and  
14 thereafter according to the provisions of § 44-5-26;

15 (17) Household furniture and family stores of a housekeeper in the whole, including  
16 clothing, bedding, and other white goods, books, and all other tangible personal property items  
17 that are common to the normal household;

18 (18) Improvements made to any real property to provide a shelter and fallout protection  
19 from nuclear radiation, to the amount of one thousand five hundred dollars (\$1,500); provided,  
20 that the improvements meet applicable standards for shelter construction established from time to  
21 time by the Rhode Island emergency management agency. The improvements are deemed to  
22 comply with the provisions of any building code or ordinance with respect to the materials or the  
23 methods of construction used and any shelter or its establishment is deemed to comply with the  
24 provisions of any zoning code or ordinance;

25 (19) Aircraft for which the fee required by § 1-4-6 has been paid to the tax administrator;

26 (20) *Manufacturer's inventory*

27 (i) For the purposes of §§ 44-4-10, 44-5-3, 44-5-20, and 44-5-38, a person is deemed to  
28 be a manufacturer within a city or town within this state if that person uses any premises, room,  
29 or place in it primarily for the purpose of transforming raw materials into a finished product for  
30 trade through any or all of the following operations: adapting, altering, finishing, making, and  
31 ornamenting; provided, that public utilities; non-regulated power producers commencing  
32 commercial operation by selling electricity at retail or taking title to generating facilities on or  
33 after July 1, 1997; building and construction contractors; warehousing operations, including  
34 distribution bases or outlets of out-of-state manufacturers; and fabricating processes incidental to

1 warehousing or distribution of raw materials, such as alteration of stock for the convenience of a  
2 customer; are excluded from this definition;

3 (ii) For the purposes of §§ 44-3-3, 44-4-10, and 44-5-38, the term "manufacturer's  
4 inventory" or any similar term means and includes the manufacturer's raw materials, the  
5 manufacturer's work in process, and finished products manufactured by the manufacturer in this  
6 state, and not sold, leased, or traded by the manufacturer or its title or right to possession  
7 divested; provided, that the term does not include any finished products held by the manufacturer  
8 in any retail store or other similar selling place operated by the manufacturer whether or not the  
9 retail establishment is located in the same building in which the manufacturer operates the  
10 manufacturing plant;

11 (iii) For the purpose of § 44-11-2, a "manufacturer" is a person whose principal business  
12 in this state consists of transforming raw materials into a finished product for trade through any or  
13 all of the operations described in paragraph (i) of this subdivision. A person will be deemed to be  
14 principally engaged if the gross receipts that person derived from the manufacturing operations in  
15 this state during the calendar year or fiscal year mentioned in § 44-11-1 amounted to more than  
16 fifty percent (50%) of the total gross receipts that person derived from all the business activities  
17 in which that person engaged in this state during the taxable year. For the purpose of computing  
18 the percentage, gross receipts derived by a manufacturer from the sale, lease, or rental of finished  
19 products manufactured by the manufacturer in this state, even though the manufacturer's store or  
20 other selling place may be at a different location from the location of the manufacturer's  
21 manufacturing plant in this state, are deemed to have been derived from manufacturing;

22 (iv) Within the meaning of the preceding paragraphs of this subdivision, the term  
23 "manufacturer" also includes persons who are principally engaged in any of the general activities  
24 coded and listed as establishments engaged in manufacturing in the Standard Industrial  
25 Classification Manual prepared by the Technical Committee on Industrial Classification, Office  
26 of Statistical Standards, Executive Office of the President, United States Bureau of the Budget, as  
27 revised from time to time, but eliminating as manufacturers those persons, who, because of their  
28 limited type of manufacturing activities, are classified in the manual as falling within the trade  
29 rather than an industrial classification of manufacturers. Among those thus eliminated, and  
30 accordingly also excluded as manufacturers within the meaning of this paragraph, are persons  
31 primarily engaged in selling, to the general public, products produced on the premises from which  
32 they are sold, such as neighborhood bakeries, candy stores, ice cream parlors, shade shops, and  
33 custom tailors, except, that a person who manufactures bakery products for sale primarily for  
34 home delivery, or through one or more non-baking retail outlets, and whether or not retail outlets



1 are operated by person, is a manufacturer within the meaning of this paragraph;

2 (v) The term "Person" means and includes, as appropriate, a person, partnership, or  
3 corporation; and

4 (vi) The department of revenue shall provide to the local assessors any assistance that is  
5 necessary in determining the proper application of the definitions in this subdivision.

6 (21) Real and tangible personal property acquired to provide a treatment facility used  
7 primarily to control the pollution or contamination of the waters or the air of the state, as defined  
8 in chapter 12 of title 46 and chapter 25 of title 23, respectively, the facility having been  
9 constructed, reconstructed, erected, installed, or acquired in furtherance of federal or state  
10 requirements or standards for the control of water or air pollution or contamination, and certified  
11 as approved in an order entered by the director of environmental management. The property is  
12 exempt as long as it is operated properly in compliance with the order of approval of the director  
13 of environmental management; provided, that any grant of the exemption by the director of  
14 environmental management in excess of ten (10) years is approved by the city or town in which  
15 the property is situated. This provision applies only to water and air pollution control properties  
16 and facilities installed for the treatment of waste waters and air contaminants resulting from  
17 industrial processing; furthermore, it applies only to water or air pollution control properties and  
18 facilities placed in operation for the first time after April 13, 1970;

19 (22) New manufacturing machinery and equipment acquired or used by a manufacturer  
20 and purchased after December 31, 1974. Manufacturing machinery and equipment is defined as:

21 (i) Machinery and equipment used exclusively in the actual manufacture or conversion of  
22 raw materials or goods in the process of manufacture by a manufacturer, as defined in subdivision  
23 (20) of this section, and machinery, fixtures, and equipment used exclusively by a manufacturer  
24 for research and development or for quality assurance of its manufactured products;

25 (ii) Machinery and equipment that is partially used in the actual manufacture or  
26 conversion of raw materials or goods in process of manufacture by a manufacturer, as defined in  
27 subdivision (20) of this section, and machinery, fixtures, and equipment used by a manufacturer  
28 for research and development or for quality assurance of its manufactured products, to the extent  
29 to which the machinery and equipment is used for the manufacturing processes, research and  
30 development, or quality assurance. In the instances where machinery and equipment is used in  
31 both manufacturing and/or research and development, and/or quality assurance activities and non-  
32 manufacturing activities, the assessment on machinery and equipment is prorated by applying the  
33 percentage of usage of the equipment for the manufacturing, research and development and  
34 quality assurance activity to the value of the machinery and equipment for purposes of taxation,

1 and the portion of the value used for manufacturing, research and development, and quality  
2 assurance is exempt from taxation. The burden of demonstrating this percentage usage of  
3 machinery and equipment for manufacturing and for research and development, and/or quality  
4 assurance of its manufactured products rests with the manufacturer; and

5 (iii) Machinery and equipment described in § 44-18-30(7) and (22) that was purchased  
6 after July 1, 1997; provided that the city or town council of the city or town in which the  
7 machinery and equipment is located adopts an ordinance exempting the machinery and equipment  
8 from taxation. For purposes of this subsection, city councils and town councils of any  
9 municipality may, by ordinance, wholly or partially exempt from taxation the machinery and  
10 equipment discussed in this subsection for the period of time established in the ordinance and  
11 may, by ordinance, establish the procedures for taxpayers to avail themselves of the benefit of  
12 any exemption permitted under this section; provided, that the ordinance does not apply to any  
13 machinery or equipment of a business, subsidiary, or any affiliated business that locates or  
14 relocates from a city or town in this state to another city or town in the state.

15 (23) Precious metal bullion, meaning any elementary metal that has been put through a  
16 process of melting or refining, and that is in a state or condition that its value depends upon its  
17 content and not its form. The term does not include fabricated precious metal that has been  
18 processed or manufactured for some one or more specific and customary industrial, professional,  
19 or artistic uses;

20 (24) Hydroelectric power generation equipment, which includes, but is not limited to,  
21 turbines, generators, switchgear, controls, monitoring equipment, circuit breakers, transformers,  
22 protective relaying, bus bars, cables, connections, trash racks, headgates, and conduits. The  
23 hydroelectric power generation equipment must have been purchased after July 1, 1979, and  
24 acquired or used by a person or corporation who or that owns or leases a dam and utilizes the  
25 equipment to generate hydroelectric power;

26 (25) Subject to authorization by formal action of the council of any city or town, any real  
27 or personal property owned by, held in trust for, or leased to an organization incorporated under  
28 chapter 6 of title 7, as amended, or an organization meeting the definition of "charitable trust" set  
29 out in § 18-9-4, as amended, or an organization incorporated under the not for profits statutes of  
30 another state or the District of Columbia, the purpose of which is the conserving of open space, as  
31 that term is defined in chapter 36 of title 45, as amended, provided the property is used  
32 exclusively for the purposes of the organization;

33 (26) Tangible personal property, the primary function of which is the recycling, reuse, or  
34 recovery of materials (other than precious metals, as defined in § 44-18-30(24)(ii) and (iii)), from

1 or the treatment of "hazardous wastes" as defined in § 23-19.1-4, where the "hazardous wastes"  
2 are generated primarily by the same taxpayer and where the personal property is located at, in, or  
3 adjacent to a generating facility of the taxpayer. The taxpayer may, but need not, procure an order  
4 from the director of the department of environmental management certifying that the tangible  
5 personal property has this function, which order effects a conclusive presumption that the tangible  
6 personal property qualifies for the exemption under this subdivision. If any information relating  
7 to secret processes or methods of manufacture, production, or treatment is disclosed to the  
8 department of environmental management only to procure an order, and is a "trade secret" as  
9 defined in § 28-21-10(b), it shall not be open to public inspection or publicly disclosed unless  
10 disclosure is otherwise required under chapter 21 of title 28 or chapter 24.4 of title 23;

11 (27) Motorboats as defined in § 46-22-2 for which the annual fee required in § 46-22-4  
12 has been paid;

13 (28) Real and personal property of the Providence Performing Arts Center, a non-  
14 business corporation as of December 31, 1986;

15 (29) Tangible personal property owned by, and used exclusively for the purposes of, any  
16 religious organization located in the city of Cranston;

17 (30) Real and personal property of the Travelers Aid Society of Rhode Island, a nonprofit  
18 corporation, the Union Mall Real Estate Corporation, and any limited partnership or limited  
19 liability company that is formed in connection with, or to facilitate the acquisition of, the  
20 Providence YMCA Building; and

21 (31) Real and personal property of Meeting Street Center or MSC Realty, Inc., both not-  
22 for-profit Rhode Island corporations, and any other corporation, limited partnership, or limited  
23 liability company that is formed in connection with, or to facilitate the acquisition of, the  
24 properties designated as the Meeting Street National Center of Excellence on Eddy Street in  
25 Providence, Rhode Island.

26 (32) The buildings, personal property, and land upon which the buildings stand, located  
27 on Pomham Island, East Providence, currently identified as Assessor's Map 211, Block 01, Parcel  
28 001.00, that consists of approximately twenty-one thousand three hundred (21,300) square feet  
29 and is located approximately eight hundred sixty feet (860'), more or less, from the shore, and  
30 limited exclusively to these said buildings personal estate and land, provided that said property is  
31 owned by a qualified 501(c)(3) organization, such as the American Lighthouse Foundation, and is  
32 used exclusively for a lighthouse.

33 (33) The Stadium Theatre Performing Arts Centre building located in Monument Square,  
34 Woonsocket, Rhode Island, so long as said Stadium Theatre Performing Arts Center is owned by

1 the Stadium Theatre Foundation, a Rhode Island nonprofit corporation.

2 (34) Real and tangible personal property of St. Mary Academy – Bay View, located in  
3 East Providence, Rhode Island.

4 (35) Real and personal property of East Bay Community Action Program and its  
5 predecessor, Self Help, Inc; provided, that the organization is qualified as a tax exempt  
6 corporation under § 501(c)(3) of the United States Internal Revenue Code.

7 (36) Real and personal property located within the city of East Providence of the  
8 Columbus Club of East Providence, a Rhode Island charitable nonprofit corporation.

9 (37) Real and personal property located within the city of East Providence of the  
10 Columbus Club of Barrington, a Rhode Island charitable nonprofit corporation.

11 (38) Real and personal property located within the city of East Providence of Lodge 2337  
12 BPO Elks, a Rhode Island nonprofit corporation.

13 (39) Real and personal property located within the city of East Providence of the St.  
14 Andrews Lodge No. 39, a Rhode Island charitable nonprofit corporation.

15 (40) Real and personal property located within the city of East Providence of the Trustees  
16 of Methodist Health and Welfare service a/k/a United Methodist Elder Care, a Rhode Island  
17 nonprofit corporation.

18 (41) Real and personal property located on the first floor of 90 Leonard Avenue within  
19 the city of East Providence of the Zion Gospel Temple, Inc., a religious nonprofit corporation.

20 (42) Real and personal property located within the city of East Providence of the Cape  
21 Verdean Museum Exhibit, a Rhode Island nonprofit corporation.

22 (43) The real and personal property owned by a qualified 501(c)(3) organization that is  
23 affiliated and in good standing with a national, congressionally chartered organization and  
24 thereby adheres to that organization's standards and provides activities designed for recreational,  
25 educational, and character building purposes for children from ages six (6) years to seventeen  
26 (17) years.

27 (44) Real and personal property of the Rhode Island Philharmonic Orchestra and Music  
28 School; provided, that the organization is qualified as a tax exempt corporation under § 501(c)(3)  
29 of the United States Internal Revenue Code.

30 (45) The real and personal property located within the town of West Warwick at 211  
31 Cowesett Avenue, Plat 29-Lot 25, which consists of approximately twenty-eight thousand seven  
32 hundred and fifty (28,750) square feet and is owned by the Station Fire Memorial Foundation of  
33 East Greenwich, a Rhode Island nonprofit corporation.

34 (46) Real and personal property of the Comprehensive Community Action Program, a

1 qualified tax exempt corporation under § 501(c)(3) of the United States Internal Revenue Code.

2 (47) Real and personal property located at 52 Plain Street, within the city of Pawtucket of  
3 the Pawtucket Youth Soccer Association, a Rhode Island nonprofit corporation.

4 (b) Except as provided below, when a city or town taxes a for-profit hospital facility, the  
5 value of its real property shall be the value determined by the most recent full revaluation or  
6 statistical property update performed by the city or town; provided, however, in the year a  
7 nonprofit hospital facility converts to or otherwise becomes a for-profit hospital facility, or a for-  
8 profit hospital facility is initially established, the value of the real property and personal property  
9 of the for-profit hospital facility shall be determined by a valuation performed by the assessor for  
10 the purpose of determining an initial assessed value of real and personal property, not previously  
11 taxed by the city or town, as of the most recent date of assessment pursuant to § 44-5-1, subject to  
12 a right of appeal by the for-profit hospital facility which shall be made to the city or town tax  
13 assessor with a direct appeal from an adverse decision to the Rhode Island superior court business  
14 calendar.

15 A "for-profit hospital facility" includes all real and personal property affiliated with any  
16 hospital as identified in an application filed pursuant to chapters 23-17 and/or 23-17.14.  
17 Notwithstanding the above, a city or town may enter into a stabilization agreement with a for-  
18 profit hospital facility under § 44-3-9 or other laws specific to the particular city or town relating  
19 to stabilization agreements. In a year in which a nonprofit hospital facility converts to, or  
20 otherwise becomes, a for-profit hospital facility, or a for-profit hospital facility is otherwise  
21 established, in that year only the amount levied by the city or town and/or the amount payable  
22 under the stabilization agreement for that year related to the for-profit hospital facility shall not be  
23 counted towards determining the maximum tax levy permitted under § 44-5-2.

24 [\(48\) Renewable energy resources as defined in §39-26-5 used in residential systems and](#)  
25 [associated equipment used therewith in service after December 31, 2015.](#)

26 [\(49\) Renewable energy resources, as defined in §39-26-5, if employed by a manufacturer,](#)  
27 [as defined in §44-3-3\(a\), shall be exempt from taxation in accordance with § 44-3-3\(a\).](#)

28 **44-3-9. Exemption or stabilizing of taxes on property used for manufacturing,**  
29 **commercial, or residential purposes.** -- (a) (1) Except as provided in this section, the electors of  
30 any city or town qualified to vote on a proposition to appropriate money or impose a tax when  
31 legally assembled, may vote to authorize the city or town council, for a period not exceeding  
32 twenty (20) years, and subject to the conditions as provided in this section, to exempt from  
33 payment, in whole or in part, real and personal property which has undergone environmental  
34 remediation, is historically preserved, or is used for affordable housing, manufacturing,

1 commercial, or residential purposes, or to determine a stabilized amount of taxes to be paid on  
2 account of the property, notwithstanding the valuation of the property or the rate of tax; provided,  
3 that after public hearings, at least ten (10) days' notice of which shall be given in a newspaper  
4 having a general circulation in the city or town, the city or town council determines that:

5 (i) Granting of the exemption or stabilization will inure to the benefit of the city or town  
6 by reason of:

7 (A) The willingness of the manufacturing or commercial concern to locate in the city or  
8 town, or of individuals to reside in such an area; or

9 (B) The willingness of a manufacturing firm to expand facilities with an increase in  
10 employment or the willingness of a commercial or manufacturing concern to retain or expand its  
11 facility in the city or town and not substantially reduce its work force in the city or town; or

12 (C) An improvement of the physical plant of the city or town which will result in a long-  
13 term economic benefit to the city or town and state; or

14 (D) An improvement which converts or makes available land or facility that would  
15 otherwise be not developable or difficult to develop without substantial environmental  
16 remediation; or

17 (ii) Granting of the exemption or stabilization of taxes will inure to the benefit of the city  
18 or town by reason of the willingness of a manufacturing or commercial or residential firm or  
19 property owner to construct new or to replace, reconstruct, convert, expand, retain or remodel  
20 existing buildings, facilities, machinery, or equipment with modern buildings, facilities, fixtures,  
21 machinery, or equipment resulting in an increase or maintenance in plant, residential housing or  
22 commercial building investment by the firm or property owned in the city or town;

23 (2) Provided that should the city or town council make the determination in  
24 subparagraph (1)(i)(B) of this subsection, any exemption or stabilization may be granted as to  
25 new buildings, fixtures, machinery, or equipment for new buildings, firms or expansions, and  
26 may be granted as to existing buildings, fixtures, machinery and equipment for existing  
27 employers in the city or town.

28 (b) Cities shall have the same authority as is granted to towns except that authority  
29 granted to the qualified electors of a town and to town councils shall be exercised in the case of a  
30 city by the city council.

31 (c) For purposes of this section, "property used for commercial purposes" means any  
32 building or structures used essentially for offices or commercial enterprises.

33 (d) Except as provided in this section, property, the payment of taxes on which has been  
34 so exempted or which is subject to the payment of a stabilized amount of taxes, shall not, during

1 the period for which the exemption or stabilization of the amount of taxes is granted, be further  
2 liable to taxation by the city or town in which the property is located so long as the property is  
3 used for the manufacturing or commercial, or residential purposes for which the exemption or  
4 stabilized amount of taxes was made.

5 (e) Notwithstanding any vote of the qualified electors of a town and findings of a town  
6 council or of any vote and findings by a city council, the property shall be assessed for and shall  
7 pay that portion of the tax, if any, assessed by the city or town in which the real or personal  
8 property is located, for the purpose of paying the indebtedness of the city or town and the  
9 indebtedness of the state or any political subdivision of the state to the extent assessed upon or  
10 apportioned to the city or town, and the interest on the indebtedness, and for appropriation to any  
11 sinking fund of the city or town, which portion of the tax shall be paid in full, and the taxes so  
12 assessed and collected shall be kept in a separate account and used only for that purpose.

13 (f) Nothing in this section shall be deemed to permit the exemption or stabilization  
14 provided in this section for any manufacturing or commercial concern relocating from one city or  
15 town within the state of Rhode Island to another.

16 [\(g\) Renewable energy resources as defined in §39-26-5 qualify for tax stabilization](#)  
17 [agreements pursuant to §44-3-9\(a\).](#)

18 SECTION 7. Section 44-5-3 of the General Laws in Chapter 44-5 entitled "Levy and  
19 Assessment of Local Taxes" is hereby amended to read as follows:

20 **44-5-3. Ratable property of a city or town -- Definitions.** -- (a) The ratable property of  
21 the city or town consists of the ratable real estate and the ratable tangible personal property  
22 (which do not include manufacturer's manufacturing machinery and equipment of a  
23 manufacturer) and the ratable tangible personal property of manufacturers consisting of  
24 manufacturer's manufacturing machinery and equipment of a manufacturer.

25 (b) (1) For the purposes of this section and §§ 44-5-20, 44-5-22, 44-5-38, and § 9 of  
26 chapter 245, public laws of Rhode Island, 1966, "manufacturing" includes the handling and  
27 storage of manufacturer's inventories as defined in § 44-3-3(20)(ii).

28 (2) "Manufacturer's machinery and equipment" or "manufacturing machinery and  
29 equipment" is defined as:

30 (i) Machinery and equipment which is used exclusively in the actual manufacture or  
31 conversion of materials or goods in the process of manufacture by a manufacturer as defined in §  
32 44-3-3(20) and machinery, fixtures, and equipment used exclusively by a manufacturer for  
33 research and development or for quality assurance of its manufactured products; and

34 (ii) Machinery and equipment which is partially used in the actual manufacture or

1 conversion of raw materials or goods in the process of manufacture by a manufacturer as defined  
2 in § 44-3-3(20) and machinery, fixtures, and equipment used by a manufacturer for research and  
3 development or for quality assurance of its manufactured products, to the extent to which the  
4 machinery and equipment is used for the manufacturing processes, research, and development or  
5 quality assurance. In the instances where machinery and equipment is used in both manufacturing  
6 activities, the assessment on machinery and equipment is prorated by applying the percentage of  
7 usage of the equipment for manufacturing, research, and development and quality assurance  
8 activity to the value of the machinery and equipment for purposes of taxation, and the portion of  
9 the value used for manufacturing, research, and development and quality assurance is exempt  
10 from taxation. The burden of demonstrating this percentage usage of machinery and equipment  
11 for manufacturing and for research and development and/or quality assurance of its manufactured  
12 products rests with the manufacturer.

13 (3) This definition of "manufacturing" or "manufacturer's machinery and equipment"  
14 does not include:

15 (i) Motor vehicles required by law to be registered with the division of motor vehicles;

16 (ii) Store fixtures and other equipment situated in or upon a retail store or other similar  
17 selling place operated by a manufacturer, whether or not the retail establishment store or other  
18 similar selling place is located in the same building in which the manufacturer operates his or her  
19 manufacturing plant; and

20 (iii) Fixtures or other equipment situated in or upon premises used to conduct a business  
21 which is unrelated to the manufacture of finished products for trade and their sale by the  
22 manufacturer of the products, whether or not the premises where the unrelated business is  
23 conducted is in the same building in which the manufacturer has his or her manufacturing plant.  
24 The levy on tangible personal property of manufacturers consisting of manufacturer's  
25 manufacturing machinery and equipment of a manufacturer is at the rate provided in § 44-5-38.

26 (c) Notwithstanding any exemption provided by this section, and except for the  
27 exemptions created by §§44-3-3(a)(22), 44-3-3(a)(48) and 44-3-3(a)(49), which exemptions shall  
28 remain intact, cities and towns may, by ordinance or resolution, tax any renewable energy  
29 resources as defined in §39-26-5, and associated equipment only pursuant to rules and regulations  
30 that will be established by the office of energy resources in consultation with the division of  
31 taxation after the rules are adopted, no later than November 30, 2016. The rules will provide  
32 consistent and foreseeable tax treatment of renewable energy to facilitate and promote installation  
33 of grid-connected generation of renewable energy and shall consider the following criteria in  
34 adopting appropriate and reasonable tangible property tax rates for commercial renewable energy



1 systems:

2 (1) State policy objectives to promote renewable energy development;

3 (2) Tax agreements between municipalities and renewable energy developers executed  
4 and effective after 2011, including net metering or lease agreements that address tax treatment;

5 (3) The valuation of local property tax in the ceiling prices set for the distributed  
6 generation standard contract or renewable energy growth programs by the distributed generation  
7 board;

8 (4) Assessment practices used by Rhode Island municipal property tax assessors; and

9 (5) Five dollars (\$5.00) per kilowatt of nameplate capacity and the average kilowatt value  
10 of the tax agreements and associated payments executed between municipalities and renewable  
11 energy developers between 2011 and 2016 shall be the benchmarks for consideration of  
12 reasonable revenue generated by a city or town from renewable energy facilities provided that  
13 evidence to the contrary may be incorporated in final rules and regulations.

14 (d) The dollar amount adopted through the rules and regulations that municipalities will  
15 be required to use for commercial renewable energy systems shall be based on the alternating  
16 current (AC) nameplate capacity of the renewable energy resource.

17 (e) Any renewable energy resource projects that have executed interconnection service  
18 agreements with the electric distribution company as of December 31, 2016, shall not be subject  
19 to the rules developed under §44-5-3(c) and shall maintain the tax status applicable before the  
20 rules are adopted, unless otherwise agreed pursuant to §44-3-9(a).

21 SECTION 8. This act shall take effect upon passage except as otherwise may be provided  
22 therein.

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LC006226/SUB A  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T  
RELATING TO PUBLIC UTILITIES AND CARRIERS - RENEWABLE ENERGY  
PROGRAMS

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1           This act would establish renewable energy polices to streamline the state's clean energy  
2 economy, allow virtual net metering, third party financing and a predictable tax process for  
3 commercial systems in host communities.

4           This act would take effect upon passage, except as otherwise may be provided therein.

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LC006226/SUB A  
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