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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND COMMERCE CORPORATION

Introduced By: Senators Zurier, Pearson, Britto, de la Cruz, and DiPalma

Date Introduced: February 21, 2025

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-64-8 of the General Laws in Chapter 42-64 entitled "Rhode Island
2 Commerce Corporation" is hereby amended to read as follows:

3 **42-64-8. Directors, officers, and employees.**

4 (a) The powers of the Rhode Island commerce corporation shall be vested in a board of
5 directors consisting of thirteen (13) members.

6 (1) The governor shall serve as a member of the board and as chairperson, ex-officio, who
7 shall vote only in the event of a tie.

8 (2) In addition to the governor, the membership of the board shall consist of twelve (12)
9 public members to be appointed by the governor.

10 (3) Each gubernatorial appointee shall be subject to the advice and consent of the senate
11 and no one shall be eligible for appointment unless he or she is a resident of this state. The
12 membership of the board shall reflect the geographic diversity of the state. Four (4) of the public
13 members shall be owners or principals of small businesses doing business in this state which are
14 independently owned and operated and which employs one hundred (100) or fewer persons. One
15 other of the public members shall be a representative of organized labor. One other of the public
16 members shall be a representative of higher education. One other of the public members shall be a
17 representative from the governor's workforce board. One other of the public members shall be a
18 representative of a minority business. One other of the public members shall be appointed on an

1 interim basis by the governor when a project plan of the corporation situated on federal land is
2 disapproved by the governing body of a municipality in accordance with § 42-64-13(a)(4). The
3 member shall be the mayor of the municipality within whose borders all or a majority of the project
4 plan is to be carried out, or in a municipality that has no mayor, the member shall be the president
5 of the town or city council. The appointed interim member shall have all the powers of other
6 members of the board only in its deliberations and action on the disapproval of the project plan
7 situated on federal land and within the borders of the interim member's municipality. Upon final
8 action by the board pursuant to § 42-64-13(a)(5), the interim member's term of appointment shall
9 automatically terminate.

10 (4) It shall be the responsibility of the corporation to conduct a training course for newly
11 appointed and qualified members and new designees of ex-officio members within six (6) months
12 of their qualification or designation. The course shall be developed by the executive director of the
13 corporation or the executive director's designee, be approved by the board, and conducted by the
14 executive director or the executive director's designee. The board may approve the use of any board
15 or staff members or other individuals to assist with training. The training course shall include
16 instruction in the following areas: the provisions of the entirety of chapter 64 of this title and of
17 chapter 46 of this title, chapter 14 of title 36, and chapter 2 of title 38 of the Rhode Island general
18 laws; and the board's rules and regulations. The director of the department of administration shall,
19 within ninety (90) days of July 15, 2005, prepare and disseminate materials relating to the
20 provisions of chapter 46 of this title, chapter 14 of title 36, and chapter 2 of title 38.

21 (5) Members of the board shall be removable by the governor, pursuant to the provisions
22 of § 36-1-7 and for cause only, and removal solely for partisan or personal reasons unrelated to
23 capacity or fitness for the office shall be unlawful.

24 (6) The terms for the members of the board of directors were established by the
25 appointment of twelve (12) directors in 2010 with the directors' initial terms expiring as follows:
26 three (3) members shall have terms expiring on February 1, 2011; three (3) members shall have
27 terms expiring on February 1, 2012; three (3) members shall have terms expiring on February 1,
28 2013; and three (3) members shall have terms expiring on February 1, 2014. Beginning in 2011
29 and annually thereafter, during the month of January, the governor shall appoint a member or
30 members to succeed the member or members whose terms will then next expire to serve for a term
31 of four (4) years commencing on the first day of February and then next following, and thereafter
32 until the successors are appointed and qualified. Beginning in 2011 and annually thereafter, the
33 governor shall appoint owners or principals of small businesses doing business in this state that are
34 independently owned and operated, and that employ one hundred (100) or fewer persons. The

1 members of the board shall be eligible to succeed themselves, but only upon reappointment and
2 with senate advice and consent.

3 (7) In the event of a vacancy occurring in the office of a member by death, resignation, or
4 otherwise, that vacancy shall be filled in the same manner as an original appointment, but only for
5 the remainder of the term of the former member.

6 (b) The directors shall receive no compensation for the performance of their duties under
7 this chapter, but each director shall be reimbursed for the director's reasonable expenses incurred
8 in carrying out those duties. A director may engage in private employment, or in a profession or
9 business.

10 (c) The chairperson shall designate a vice chairperson from among the members of the
11 board who shall serve at the pleasure of the chairperson. A majority of directors holding office shall
12 constitute a quorum, and, except as otherwise provided in § 42-64-13, any action to be taken by the
13 corporation under the provisions of this chapter may be authorized by resolution approved by a
14 [two-thirds \(2/3\)](#) majority of the directors present and entitled to vote at any regular or special
15 meeting at which a quorum is present. A vacancy in the membership of the board of directors shall
16 not impair the right of a quorum to exercise all of the rights and perform all of the duties of the
17 corporation.

18 (d) The chief executive officer of the corporation shall be executive director of the
19 corporation until such time that the secretary of commerce is appointed. Upon the appointment of
20 a secretary of commerce, the secretary of commerce shall be the commerce corporation's chief
21 executive officer and responsible for the management of the corporation. There shall be a chief
22 operating officer (COO) of the corporation and he/she shall be appointed by the secretary of
23 commerce. The COO shall be the chief administrative officer of the corporation and responsible
24 for the day-to-day management of the corporation. The COO shall be a professional in the area of
25 economic development; management of economic development corporations; and shall hold the
26 requisite experience and education as established by the secretary and board.

27 (e) The board of directors shall appoint a secretary and such additional officers and staff
28 members as they shall deem appropriate and shall determine the amount of reasonable
29 compensation, if any, each shall receive. The board of directors may vest in the executive director,
30 or the director's subordinates, and, upon the appointment of a secretary of commerce, the chief
31 operating officer or the chief operating officer's subordinates, the authority to appoint additional
32 staff members and to determine the amount of compensation each individual shall receive.

33 (f) No full-time employee shall, during the period of the employee's employment by the
34 corporation, engage in any other private employment, profession, or business, except with the

1 approval of the board of directors.

2 (g) Notwithstanding any other law to the contrary, it shall not be or constitute a conflict of
3 interest for a director, officer, or employee of any financial institution, investment banking firm,
4 brokerage firm, commercial bank, trust company, building-loan association, architecture firm,
5 insurance company, or any other firm, person, or corporation to serve as a director of the
6 corporation, nor shall any contract or transaction between the corporation and a financial institution,
7 investment banking firm, brokerage firm, commercial bank, trust company, building-loan
8 association, architecture firm, insurance company, or other firm, person, or corporation be void or
9 voidable by reason of that service as director of the corporation. If any director, officer, or employee
10 of the corporation shall be interested either directly or indirectly, or shall be a director, officer, or
11 employee of or have an ownership interest (other than as the owner of less than one percent (1%)
12 of the shares of a publicly-held corporation) in any firm or corporation interested directly or
13 indirectly in any contract with the corporation, that interest shall be disclosed to the corporation
14 and set forth in the minutes of the corporation, and the director, officer, or employee having that
15 ownership interest shall not participate on behalf of the corporation in the authorization of that
16 contract. Interested directors may be counted in determining the presence of a quorum at a meeting
17 of the board of directors of the corporation that authorizes the contract or transaction.

18 (h) Any action taken by the corporation under the provisions of this chapter may be
19 authorized by vote at any regular or special meeting and each vote shall take effect immediately.
20 The corporation shall be subject to the provisions of chapter 46 of this title (“Open Meetings”) and
21 chapter 2 of title 38 (“Access to Public Records”).

22 (i) The board of directors may designate from among its members an executive committee
23 and one or more other committees each of which, to the extent authorized by the board of directors,
24 shall have and may exercise all of the authority of the board of directors, but no executive
25 committee shall have the authority of the board of directors in reference to the disposition of all or
26 substantially all of the property and assets of the corporation, amending the bylaws of the
27 corporation; exercising the condemnation power conferred upon the corporation by § 42-64-9; or
28 taking actions described or referred to in § 42-64-13(a).

29 (j) The board shall create a capital finance subcommittee that shall be responsible for
30 drafting for board approval a set of guidelines, principals, and processes for all loans, loan
31 guarantees, and financing programs. The guidelines shall contain a set of metrics that the board can
32 use to determine the effectiveness of each program and to inform the governor and the general
33 assembly of the outcome of the various programs and to determine if there is need for modification,
34 continuance, or termination. The guidelines shall also contain measures to annually review the

1 outstanding loan and loan guarantee programs to determine if the loans and loan guarantees were
2 granted in accordance with the board's guidelines and principals and to determine the risk factors
3 normally used by lending institutions to determine risk and potential for repayment. The board shall
4 also implement the provisions of §§ 42-64-36 and 42-64-37.

5 (k) Any action required by this chapter to be taken at a meeting of the board of directors,
6 or any action that may be taken at a meeting of the board of directors, or committee of the board of
7 directors, may be taken without a meeting if a consent in writing, setting forth the action to be
8 taken, shall be signed before or after that action by all of the directors, or all of the members of the
9 committee, as the case may be.

10 (l) Employees of the corporation shall not, by reason of their employment, be deemed to
11 be employees of the state for any purpose, any other provision of the general laws to the contrary
12 notwithstanding, including, without limiting the generality of the foregoing, chapters 29, 39, and
13 42 of title 28 and chapters 4, 8, 9, and 10 of title 36.

14 (m) The board shall create a set of metrics and reporting requirements to disclose the
15 programs and services offered or provided by the corporation and the effectiveness of each offering.
16 The board shall develop an annual report containing these metrics and shall submit the report to the
17 governor and the general assembly. The annual report shall also contain recommendations for
18 improving the business climate within the state and other actions the board deems necessary to
19 improve its effectiveness.

20 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND COMMERCE
CORPORATION

- 1 This act would require a two-thirds (2/3) majority vote by the board of directors to approve
- 2 any action taken by the commerce corporation.
- 3 This act would take effect upon passage.

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