

2026 -- H 8450

=====  
LC006320  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

—————  
A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS AND PARTNERSHIPS -- RHODE  
ISLAND BUSINESS CORPORATION ACT -- THE RHODE ISLAND BUSINESS CLIMATE  
REFORM ACT

Introduced By: Representatives Newberry, Shekarchi, Finkelman, Chippendale,  
Marszalkowski, Slater, Phillips, J. Brien, Santucci, and Solomon

Date Introduced: April 15, 2026

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. This act shall be known and may be cited as "The Rhode Island Business  
2 Climate Reform Act."

3 SECTION 2. Sections 7-1.2-711 and 7-1.2-1408 of the General Laws in Chapter 7-1.2  
4 entitled "Rhode Island Business Corporation Act" are hereby amended to read as follows:

5 **7-1.2-711. Actions by shareholders.**

6 (a) Definitions. In this section:

7 (1) "Derivative proceeding" means a civil suit in the right of a domestic corporation or, to  
8 the extent provided in subsection (h) of this section, in the right of a foreign corporation.

9 (2) "Shareholder" includes a beneficial owner whose shares are held in a voting trust or  
10 held by a nominee on the beneficial owner's behalf.

11 (b) Standing. A shareholder may not commence or maintain a derivative proceeding unless  
12 the shareholder:

13 (i) Was a shareholder of the corporation at the time of the act or omission complained of  
14 or became a shareholder through transfer by operation of law from one who was a shareholder at  
15 that time; and

16 (ii) Fairly and adequately represents the interests of the corporation in enforcing the right  
17 of the corporation.

18 (c) Demand. No shareholder may commence a derivative proceeding until:

1 (1) A written demand had been made upon the corporation to take suitable action; and

2 (2) Ninety (90) days have expired from the date the demand was made unless the  
3 shareholder has earlier been notified that the demand has been rejected by the corporation or unless  
4 irreparable injury to the corporation would result by waiting for the expiration of the ninety (90)  
5 day period.

6 (d) Stay of proceedings. If the corporation commences an inquiry into the allegations made  
7 in the demand or complaint, the court may stay any derivative proceeding for such period as the  
8 court deems appropriate.

9 (e) Dismissal.

10 (1) On motion by the corporation, the court shall dismiss a derivative proceeding if one of  
11 the groups specified in subsection (e)(2) or (e)(6) has determined in good faith after conducting a  
12 reasonable inquiry upon which its conclusions are based that the maintenance of the derivate  
13 proceedings is not in the best interests of the corporation.

14 (2) Unless a panel is appointed pursuant to subsection (e)(6), the determination in  
15 subsection (e)(1) must be made by:

16 (i) A majority vote of independent directors present at a meeting of the board of directors  
17 if the independent directors constitute a quorum; or

18 (ii) A majority vote of a committee consisting of two (2) or more independent directors  
19 appointed by majority vote of independent directors present at a meeting of the board of directors,  
20 whether or not such independent directors constituted a quorum.

21 (3) None of the following by itself causes a director to be considered not independent for  
22 purposes of this section:

23 (i) The nomination or election of the directors or persons who are defendants in the  
24 derivative proceedings or against whom action is demanded;

25 (ii) The naming of the director as a defendant in the derivative proceeding or as a person  
26 against whom action is demanded; or

27 (iii) The approval by the director of the act being challenged in the derivative proceeding  
28 or demand if the act resulted in no personal benefit to the director.

29 (4) If a derivative proceeding is commenced after a determination has been made rejecting  
30 a demand by a shareholder, the complaint must allege with particularity facts establishing either  
31 (A) that a majority of the board of directors did not consist of independent directors at the time the  
32 determination was made, or (B) that the requirements of subsection (e)(1) of this section have not  
33 been met.

34 (5) If a majority of the board of directors does not consist of independent directors at the

1 time the determination is made, the corporation has the burden of proving that the requirements of  
2 subsection (e)(1) have been met. If a majority of the board of directors consists of independent  
3 directors at the time the determination is made, the plaintiff has the burden of proving that the  
4 requirements of subsection (e)(1) have not been met.

5 (6) The court may appoint a panel of one or more independent persons upon motion by the  
6 corporation to make a determination whether the maintenance of the derivative proceeding is in the  
7 best interests of the corporation. In such case, the plaintiff has the burden of proving that the  
8 requirements of subsection (e)(1) have not been met.

9 (f) Discontinuance or settlement. A derivative proceeding may not be discontinued or  
10 settled without the court's approval. If the court determines that a proposed discontinuance or  
11 settlement will substantially affect the interests of the corporation's shareholders or a class of  
12 shareholders, the court shall direct that notice be given to the shareholders affected.

13 (g) Payment of expenses. On termination of the derivative proceeding the court may:

14 (1) Order the corporation to pay the plaintiff's reasonable expenses (including counsel fees)  
15 incurred in the proceeding if it finds that the proceeding has resulted in a substantial benefit to the  
16 corporation;

17 (2) Order the plaintiff to pay any defendant's reasonable expenses (including counsel fees)  
18 incurred in defending the proceeding if it finds that the proceeding was commenced or maintained  
19 without reasonable cause or for an improper purpose; or

20 (3) Order a party to pay an opposing party's reasonable expenses (including counsel fees)  
21 incurred because of the filing of a pleading, motion or other paper, if it finds that the pleading,  
22 motion or other paper was not well grounded in fact, after reasonable inquiry, or warranted by  
23 existing law or a good faith argument for the extension, modification or reversal of existing law  
24 and was interposed for an improper purpose, such as to harass or cause unnecessary delay or  
25 needless increase in the cost of litigation.

26 (h) Applicability to foreign corporations. In any derivative proceeding in the right of a  
27 foreign corporation, the matters covered by this subchapter are governed by the laws of the  
28 jurisdiction of incorporation of the foreign corporation except for subsections (d), (f), and (g) of  
29 this section.

30 (i) Imposition of minimum ownership requirements for initiating derivative actions. On  
31 and after July 1, 2026, the following requirements shall apply to any shareholder derivative action  
32 brought pursuant to the provisions of this section:

33 (1) Publicly traded entities and for-profit private entities with five hundred (500) or more  
34 equity owners or shareholders, and that have elected the statutory business judgment rule may

1 impose a minimum ownership threshold of up to five percent (5%) of the outstanding equity for  
2 owners to initiate derivative actions.

3 (2) Attorneys' fees awarded in these derivative actions shall be limited by specifically  
4 disqualifying mere disclosure-only settlements as "substantial benefits" for the purpose of such  
5 awards, regardless of the materiality of the disclosures.

6 **7-1.2-1408. Registered office and registered agent of foreign corporation.**

7 (a) Each foreign corporation authorized to transact business in this state ~~must~~ shall have  
8 and continuously maintain in this state a registered agent, who is either:

9 (1) An individual resident in this state; or

10 (2) A corporation, limited partnership, limited liability partnership, limited liability  
11 company, and in each case either domestic or one authorized to transact business in this state.  
12 Provided, on and after July 1, 2026, the secretary of state may serve as a registered agent for a  
13 foreign corporation or a foreign limited liability company.

14 (b) Foreign corporations who are the holders of mortgages on real estate located within this  
15 state which do not maintain the loan documentation and records within the state shall authorize the  
16 registered agent to accept mortgage discharge payment and to issue a discharge of the mortgages  
17 upon the payment.

18 SECTION 3. Chapter 7-1.2 of the General Laws entitled "Rhode Island Business  
19 Corporation Act" is hereby amended by adding thereto the following sections:

20 **7-1.2-815. Business judgment rule.**

21 (a) Unless the corporate or controlling documents for an entity subject to the provisions of  
22 this chapter specify a different standard for the conduct of a director or manager of the entity, then  
23 it shall be conclusively presumed that the entity has elected for application of the business judgment  
24 rule to govern the conduct of decisions made by directors or managers as provided pursuant to the  
25 provisions of subsection (b) of this section.

26 (b) A director or manager who makes a business judgment for an entity electing application  
27 of the business judgment rule pursuant to subsection (a) of this section shall be presumed to have  
28 satisfied the requirements of this chapter if all of the following conditions are satisfied:

29 (1) The director or manager has acted in good faith;

30 (2) The director or manager does not have an interest in the subject of the business  
31 judgment;

32 (3) The director or manager was informed with respect to the subject of the business  
33 judgment to the extent the director or manager believes was appropriate, and that belief was  
34 reasonable, under the circumstances; and

1           (4) The director or manager believes that the business judgment was in the best interests of  
2 the corporation or entity and its shareholders or equity owners, and that belief is rational.

3           (c) A person challenging the conduct of a director or manager as a breach under this chapter  
4 has the burden of proving failure of the director or manager to satisfy the requirements of subsection  
5 (a) of this section and, if that burden is sustained, of proving the director's or manager's failure to  
6 satisfy the requirements under any provision of this chapter, and in a damage action under any  
7 section of this chapter, the burden of proving that the breach was the proximate cause of damage  
8 suffered by the corporation or its shareholders or equity owners.

9           (d) For the purpose of this section, a director or manager has an interest in a transaction or  
10 conduct that is the subject of a business judgment only if any of the following conditions are  
11 satisfied:

12           (1) The director, or manager or an associate of the director or manager, is a party to the  
13 transaction or conduct;

14           (2) The director or manager or an associate of the director or manager has a material  
15 pecuniary interest in the transaction or conduct other than usual and customary directors' or  
16 managers' fees and benefits, of which the director or manager knows or should be aware, that would  
17 reasonably be expected to affect the director's or manager's judgment in a manner adverse to the  
18 corporation or entity or its shareholders or equity owners; or

19           (3) The director or manager is subject to a controlling influence by a party to the transaction  
20 or conduct, other than the corporation or entity or by a person who has a material pecuniary interest  
21 in the transaction or conduct, and that controlling influence could reasonably be expected to affect  
22 the director's or manager's judgment with respect to the transaction or conduct in a manner adverse  
23 to the corporation or entity or its shareholders or equity owners.

24           (e) As used in this section, "associate" means any of the following persons:

25           (1) The spouse of the director; a child, grandchild, parent, sibling, uncle, aunt, nephew,  
26 niece, step-child, stepparent, or step-sibling of the director, including adoptive relationships, and  
27 the spouse of such a person; a mother-in-law, father-in law, brother-in-law, or sister-in-law of the  
28 director; a person, other than a domestic employee, having the same home as the director; and a  
29 trust or estate of which the director or a person designated in this subsection is a substantial  
30 beneficiary.

31           (2) A trust, estate, incompetent, conservatee, or minor of which the director is a fiduciary.

32           (3) A person with respect to whom the director or manager has a business or financial  
33 relationship other than a person described in subsection (d)(1) or (d)(2) of this section, but if and  
34 only if the relationship would reasonably be expected to affect the director's or manager's judgment

1 with respect to the transaction or conduct in question in a manner adverse to the corporation or  
2 entity or its shareholders or equity owners. For the purpose of this subsection, the following  
3 presumptions affecting the burden of proof apply:

4 (i) The director's or manager's judgment is presumed not to be adversely affected solely  
5 because the director or manager is a director or principal manager of the business organization.

6 (ii) The director's or manager's judgment is presumed not to be adversely affected if the  
7 director or manager is the beneficial owner or record holder of not more than ten percent (10%) of  
8 any class of equity interest.

9 (iii) The director's or manager's judgment is presumed to be adversely affected if the  
10 director or manager is the beneficial or record holder, other than in a custodial capacity, of more  
11 than ten percent (10%) of any class of equity interest.

12 **7-1.2-1806. Advanced determinations of director independence.**

13 Publicly traded corporations and for-profit corporations that elected the statutory business  
14 judgment rule may petition Rhode Island superior courts to hold an evidentiary hearing to  
15 determine the independence of a special committee of directors tasked with reviewing related party  
16 transactions, such as those involving the corporation and a controlling shareholder, director, or  
17 officer. Prior to the evidentiary hearing, the corporation shall notify each of its shareholders to  
18 provide them with the opportunity to participate in the proceeding. Once the superior court validates  
19 the independence of the committee, that decision shall be binding absent facts, which were not  
20 presented to the court, that prove one or more directors is not independent and disinterested with  
21 respect to the applicable transaction.

22 **7-1.2-1807. Waiver of class-by-class voting.**

23 A corporation organized under the provisions of this chapter may include language in its  
24 governing documents allowing the corporation to waive class-by-class share voting in certain  
25 circumstances, permitting all classes of its stock to vote as a single class.

26 **7-1.2-1808. Shielded communications.**

27 Shareholders, members, and partners of a corporation organized under the provisions of  
28 this chapter shall not be entitled to review certain communications, to include emails, text  
29 messages, social media posts, and similar electronic communication, unless the communication  
30 effectuates an official action of the entity. Publicly traded entities and corporate entities that elect  
31 the statutory business judgment rule may deny inspection demands if the entity is involved, or  
32 expects to be involved, in a derivative proceeding or other litigation proceeding involving the  
33 entity. Nothing in this section shall be construed as limiting a court of competent jurisdiction from  
34 ordering the production or disclosure of any document of communication.

1 SECTION 4. Section 7-16-11 of the General Laws in Chapter 7-16 entitled "The Rhode  
2 Island Limited Liability Company Act" is hereby amended to read as follows:

3 **7-16-11. Resident agent.**

4 (a) Each domestic or foreign registered limited liability company shall have a resident agent  
5 for service of process on the limited liability company who shall be either:

6 (1) An individual resident of this state; or

7 (2) A corporation, limited partnership, or limited liability company, and in each case either  
8 domestic or one authorized to transact business in this state. Provided, on and after July 1, 2026,  
9 the secretary of state may serve as a resident agent for a foreign limited liability company. Provided  
10 further, that on and after July 1, 2026, an entity applying to be a foreign limited liability company  
11 in Rhode Island shall not be required to provide a certificate of good standing from their home or  
12 domestic jurisdiction as part of the application process.

13 (b)(1) A domestic or foreign registered limited liability company may change its resident  
14 agent or the address of its resident agent by filing with the secretary of state a statement signed by  
15 any authorized person that authorizes the change.

16 (2) A change of a resident agent or address of the resident agent for a domestic or foreign  
17 registered limited liability company under this subsection is effective when the secretary of state  
18 accepts the statement for filing.

19 (c)(1) A resident agent that changes address in the state shall file with the secretary of state  
20 a statement of the change of address signed by the resident agent or on the resident agent's behalf.

21 (2) The statement shall include:

22 (i) The name of the limited liability company for which the change is effective;

23 (ii) The old and new addresses of the resident agent; and

24 (iii) The date on which the change is effective.

25 (3) The change of address of the resident agent is effective when the secretary of state  
26 accepts the statement for filing.

27 (d)(1) A resident agent may resign by filing with the secretary of state a counterpart or  
28 photocopy of the signed resignation, together with a statement that the resignation has been  
29 delivered or sent to the limited liability company.

30 (2) Unless a later time is specified in the resignation, it is effective thirty (30) days after it  
31 is filed.

32 (e) The secretary of state is appointed the agent of the domestic limited liability company  
33 for service of process if no resident agent has been appointed, if the resident agent's authority has  
34 been revoked, or if the resident agent cannot be found or served following the exercise of reasonable

1 diligence.

2 SECTION 5. Chapter 7-16 of the General Laws entitled "The Rhode Island Limited  
3 Liability Company Act" is hereby amended by adding thereto the following sections:

4 **7-16-78. Anonymous limited liability company filings.**

5 (a) On and after July 1, 2026, entities may be formed and filed as anonymous limited  
6 liability companies ("ALLC"). An ALLC filing will require the same filings as a traditional LLC,  
7 but the names of members and managers shall not be required to be placed on public filings;  
8 provided, however, the ALLC filing shall include the registered agent.

9 (b) Equity owners' or members' names shall be listed with an internal operating agreement  
10 of the ALLC.

11 **7-16-79. Rhode Island protected series limited liability company.**

12 A limited liability company agreement may establish or provide for the establishment of  
13 one or more designated series of members, managers, limited liability company interests or assets.  
14 Any series may have separate rights, powers or duties with respect to specified property or  
15 obligations of the limited liability company or profits and losses associated with specified property  
16 or obligations, and any series may have a separate business purpose or investment objective. No  
17 provision of this chapter shall be construed to limit the application of the principle of freedom of  
18 contract to a series that is not a protected series or a registered series. Other than as specifically  
19 provided for otherwise in this chapter, a series may not merge, convert or consolidate.

20 **7-16-80. Limitation of liability.**

21 A limited liability company operating agreement may provide for the limitation or  
22 elimination of any and all liabilities for breach of contract and breach of duties, including fiduciary  
23 duties, of a member, manager or other person to a limited liability company or to another member  
24 or manager or to another person that is a party to or is otherwise bound by a limited liability  
25 company operating agreement; provided that, a limited liability company operating agreement may  
26 not limit or eliminate liability for any act or omission that constitutes a bad faith violation of the  
27 implied contractual covenant of good faith and fair dealing.

28 SECTION 6. Chapter 8-2 of the General Laws entitled "Superior Court" is hereby amended  
29 by adding thereto the following sections:

30 **8-2-41. Complex commercial litigation calendar.**

31 (a) On and after July 1, 2027, there shall be a separate calendar for the administration and  
32 determination of complex commercial litigation matters.

33 (b) Complex commercial litigation calendar. The presiding judge of the superior court shall  
34 create a complex commercial litigation calendar ("CCLC") which shall replace the business

1 calendar in superior court and shall assign personnel to the extent warranted to exclusively hear  
2 and decide all eligible complex commercial litigation matters. The calendar shall be referred to as  
3 the "complex commercial litigation calendar." This calendar shall take the place of the business  
4 calendar in the superior court, and shall utilize the same judges and staff who are currently assigned  
5 to the business calendar.

6 (c) Eligible cases.

7 (1) Cases eligible for the this calendar shall include any case that includes a claim asserted  
8 by any party either directly or by declaratory judgment with an amount in controversy of one  
9 million dollars (\$1,000,000) or more, designated in the pleadings for either jury or non-jury trials,  
10 or involves an exclusive choice of court agreement or a judgment resulting from an exclusive choice  
11 of court agreement, or is so designated by the presiding judge, qualifies for assignment to the  
12 CCLC.

13 (2) Excluded cases include any case containing a claim for personal, physical or mental  
14 injury; mortgage foreclosure actions; mechanics' lien actions; condemnation proceedings; and any  
15 case involving an exclusive choice of court agreement where a party to the agreement is an  
16 individual acting primarily for personal, family, or household purposes or where the agreement  
17 relates to an individual or collective contract of employment.

18 (3) Any party may request a judicial conference to seek assignment to the CCLC, and  
19 acceptance of any matter in addition to the sections listed in subsection (c)(1) of this section shall  
20 be at the discretion of the judge(s) assigned to the calendar.

21 (d) Timing. All matters assigned to the CCLC shall be expedited. All memoranda from all  
22 interested parties in a matter assigned to the calendar shall be completed within sixty (60) days of  
23 the filing of the certified record. No continuances or postponements shall be granted except for  
24 good cause shown. Such continuances as are necessary shall be granted for the shortest practicable  
25 time.

26 (e) Use of section. Under no circumstances shall any party be permitted to utilize this  
27 section as a basis for dismissal of an action, as this section is enacted for the benefit and  
28 convenience of the superior court.

29 **8-2-42. Court of chancery.**

30 (a) There is hereby established, within the superior court but acting as a separate court, the  
31 court of chancery. The court of chancery shall operate independently from the superior court. The  
32 courts shall have jurisdiction to hear and determine all matters and causes in equity only, except as  
33 otherwise agreed to by the parties or pursuant to the provisions of § 8-2-43(b).

34 (b) The court of chancery shall consist of five (5) chancellors. One chancellor shall be the

1 chief chancellor. Chancellors of the court of chancery shall be selected and appointed in the same  
2 manner as magistrates of the superior court. Each chancellor shall be appointed for a term of ten  
3 (10) years, with advice and consent of the senate.

4 (c) The court of chancery shall not have jurisdiction to determine any matter wherein  
5 monetary compensation is the exclusive or sole claim for relief.

6 (d) All jurisdiction and powers of the court of chancery may be exercised in chambers. The  
7 court of chancery shall sit without juries.

8 (e) Upon a final determination of all equitable issues, the court of chancery shall transfer  
9 any remaining matters to the appropriate trial court for resolution.

10 (f) The court of chancery is to be self-sustaining, funded through court fees generated by  
11 the court of chancery. Accordingly the court of chancery shall set fees commensurate with the  
12 requirement that the court shall be self-sustaining.

13 **8-2-43. Jurisdiction of courts of chancery.**

14 (a) Except as provided in subsection (b) of this section, the courts of chancery shall hear  
15 disputes in equity only. These may include matters involving fiduciary duty, mediation and  
16 arbitration, governance, appraisal, books-and-records inspection demands, and other equitable or  
17 statutorily assigned matters, business and technology disputes, and disputes involving deed  
18 covenants or restrictions.

19 (b) Persons and entities may include provisions in their governing documents that designate  
20 the court of chancery as the exclusive venue for resolving internal disputes and waive the right to  
21 a jury trial for internal claims. Internal claims shall cover a broad scope of claims, including  
22 derivative claims and allegations of breaches of fiduciary duty. A jury trial waiver shall be  
23 enforceable even if the entity's members, owners, officers or governing persons did not individually  
24 sign such waiver.

25 SECTION 7. Section 9-26-4.1 of the General Laws in Chapter 9-26 entitled "Levy and Sale  
26 on Execution" is hereby amended to read as follows:

27 **9-26-4.1. Homestead estate exemption.**

28 (a) In addition to the property exempt from attachment as set forth in § 9-26-4, an estate of  
29 homestead to the extent of five hundred thousand dollars (\$500,000) in the land and buildings, or  
30 personal property that the owner uses as a residence, may be acquired pursuant to this section by  
31 an owner of a home or an individual who rightfully possesses the premises by lease, as a life tenant,  
32 as a beneficiary of a revocable or irrevocable trust or otherwise, and who occupies or intends to  
33 occupy the home as his or her principal residence. Provided, effective July 1, 2026, the estate of  
34 homestead for land, buildings, and personal property that the owner uses as a residence, shall be

1 unlimited in value, and such land and buildings and personal property shall be exempt from  
2 attachment, levy on execution, and sale for payment of debts or legacies, except as provided for  
3 otherwise in this section. The estate of homestead provided pursuant to this section shall be  
4 automatic by operation of law, and without any requirement or necessity for the filing of a  
5 declaration, a statement in a deed, or any other documentation. The estate shall be exempt from the  
6 laws of attachment, levy on execution, and sale for payment of debts or legacies, except in the  
7 following cases:

8 (1) Sale for taxes, sewer liens, water liens, lighting district assessments, and fire district  
9 assessments;

10 (2) ~~For a debt contracted prior to the acquisition of the estate of homestead;~~

11 (3) For a debt contracted for the purchase of the home;

12 (4) Upon an order issued by the family court to enforce its judgment that a spouse pay a  
13 certain amount weekly or otherwise for the support of a spouse or minor children;

14 (5) Where a building or buildings are situated on land not owned by the owner of a  
15 homestead estate are attached, levied upon or sold for the ground rent of the lot upon which the  
16 building or buildings are situated;

17 (6) For a debt due to, or a lien in favor of, the department of human services and/or the  
18 state of Rhode Island for reimbursement of medical assistance, as provided for in § 40-8-15.

19 ~~(7) For a debt heretofore or hereafter owing to a federally insured deposit-taking institution~~  
20 ~~or a person regulated or licensed under title 19.~~

21 (b) For the purposes of this section, “owner of a home” includes a sole owner, lessee (but  
22 only a lessee who or that was the owner of a home prior to a transfer to the lessor), joint tenant,  
23 tenant by the entirety, or tenant in common; provided, that only one individual may acquire an  
24 estate of homestead in the home for the benefit of his or her family; and provided further, that an  
25 estate of homestead may be acquired on only one principal residence for the benefit of a family.  
26 For the purposes of this section, “family” includes either a parent and child or children, a husband  
27 and wife and their children, if any, or a sole owner. The provisions of this section shall not apply  
28 to any debt owing to a regulated institution, a debt secured by a mortgage or other voluntary lien  
29 on a home, or a mechanics' lien on the property comprising the estate as provided for under chapter  
30 28 of title 34. Notwithstanding any other provisions of law, it shall not be necessary to record a  
31 declaration of homestead in order to take advantage of the homestead estate exemption.

32 (c) An estate of homestead shall be subordinate to a mortgage encumbering the home that  
33 was signed by all the owners of the home at the time of execution of said mortgage. A mortgage  
34 executed by fewer than all of the owners of a home that is subject to an estate of homestead shall

1 be superior only to the homestead estate of the owners who are parties to the mortgage and their  
2 non-titled spouses and minor children, if any.

3 (d) For purposes of this chapter, a mortgage shall include an instrument granting a security  
4 interest in a manufactured home or cooperative housing unit. The subordination shall not require  
5 the signature of a spouse who is not an owner. No statement that a homestead estate shall be  
6 subordinate to the mortgage shall be required in the mortgage instrument and nothing contained in  
7 a mortgage or any document executed in connection with the mortgage shall affect or be construed  
8 to create, modify, or terminate a homestead estate, other than to subordinate it to the mortgage as  
9 aforesaid. A mortgage lender shall not require or record a release of homestead in connection with  
10 the making and recording of a mortgage.

11 SECTION 8. Title 9 of the General Laws entitled "COURTS AND CIVIL PROCEDURE  
12 — PROCEDURE GENERALLY" is hereby amended by adding thereto the following chapter:

13 CHAPTER 36

14 RHODE ISLAND RAPID ARBITRATION ACT

15 **9-36-1. Definitions.**

16 For purposes of this chapter only, unless the context requires otherwise:

17 (1) "Agreement" means an agreement described in § 9-36-3.

18 (2) "Arbitration" means an arbitration conducted pursuant to the provisions of this chapter.

19 (3) "Arbitrator" means a person named in an agreement, selected under an agreement, or  
20 appointed by the parties to an agreement or the court of chancery, to preside over an arbitration and  
21 issue a final award. If an arbitration proceeds before more than one arbitrator:

22 (i) References in this chapter to an arbitrator shall be deemed to be references to the  
23 arbitrators; and

24 (ii) Unless otherwise provided in an agreement, references in this chapter to an act of an  
25 arbitrator shall be deemed to be references to an act of a majority of the arbitrators.

26 (4) "Business entity" means any corporation, association, partnership, or limited liability  
27 company as organized under title 7.

28 (5) "Consumer" means an individual who seeks or acquires, by purchase or lease, any  
29 goods or services for personal, family, or household purposes.

30 (6) "Final award" means an award designated as final and issued in an arbitration by an  
31 arbitrator.

32 (7) "Organization" means a civic association, neighborhood alliance, homeowners  
33 maintenance corporation, homeowners maintenance association, condominium association or other  
34 similar entity charged with or assuming the duties of maintaining the public areas, open space, or

1 common facilities within a residential development or community.

2 **9-36-2. Purpose of the chapter.**

3 The purpose of this chapter is to provide Rhode Island business, corporate and nonprofit  
4 entities a method by which the entities may resolve disputes in a prompt, cost-effective, and  
5 efficient manner, through voluntary arbitration conducted by expert arbitrators, and to ensure rapid  
6 resolution of those business disputes. This chapter is intended to provide an additional option by  
7 which sophisticated entities may resolve their disputes. Therefore, nothing in this chapter is  
8 intended to impair the ability of entities to use other arbitral procedures of the entities choosing,  
9 including procedures that afford lengthier proceedings and allow for more extensive discovery.

10 **9-36-3. Effect of arbitration agreement.**

11 (a) A written agreement to submit to arbitration any controversy existing at or arising after  
12 the effective date of the agreement is valid, enforceable, and irrevocable, save upon grounds as  
13 exist at law or in equity for the revocation of any contract, without regard to the justiciable character  
14 of the controversy, as long as:

15 (1) The agreement is signed by the parties to an arbitration;

16 (2) At least one party to the agreement is an entity formed or organized under the laws of  
17 this state or having its principal place of business in this state;

18 (3) No party to the agreement is a consumer;

19 (4) The agreement provides that it shall be governed by or construed under the laws of this  
20 state, without regard to principles of conflict of laws, regardless of whether the laws of this state  
21 govern the parties' other rights, remedies, liabilities, powers and duties; and

22 (5) The agreement includes an express reference to this chapter, the "Rhode Island rapid  
23 arbitration act;"

24 (6) During the pendency of an arbitration, an agreement may be amended to alter the  
25 procedures of the arbitration only with the approval of an arbitrator, but the agreement may not be  
26 amended in order to alter the time set forth in § 9-36-8(b).

27 (b) A party to an agreement is deemed to have waived objection and consented to:

28 (1) The arbitration procedures set forth in this chapter;

29 (2) The submission exclusively to an arbitrator of issues of substantive and procedural  
30 arbitrability;

31 (3) The exclusive personal and subject matter jurisdiction of an arbitration, with venue  
32 waived as long as the hearing is conducted within this state;

33 (4) The exclusive personal and subject matter jurisdiction of the courts of the state for the  
34 limited purposes set forth in § 9-36-4; and

- 1 (5) Except as otherwise limited by the agreement, an arbitrator's power and authority to:  
2 (i) Determine in the first instance the scope of the arbitrator's remedial authority, subject  
3 to review solely pursuant to the provisions of § 9-36-9; and  
4 (ii) Grant relief, including to award any legal or equitable remedy appropriate in the sole  
5 judgment of the arbitrator.
- 6 (c) A party to an agreement is deemed to have waived the right to:  
7 (1) Seek to enjoin an arbitration;  
8 (2) Remove any action subject to the provisions of this chapter to a federal court;  
9 (3) Appeal or challenge an interim ruling or order of an arbitrator;  
10 (4) Appeal or challenge a final award, except under § 9-36-9; and  
11 (5) Challenge whether an arbitration has been properly held, except pursuant to the  
12 provisions of § 9-36-9.

13 **9-36-4. Jurisdiction.**

- 14 (a) Jurisdiction of the supreme court. Except as otherwise provided in an arbitration  
15 agreement, the consummation of the arbitration agreement confers jurisdiction on the supreme  
16 court to hear only a challenge to a final award under § 9-36-9. The supreme court shall not have  
17 jurisdiction to hear appeals of:  
18 (1) The appointment of an arbitrator under § 9-36-5;  
19 (2) The determination of an arbitrator's fees under § 9-36-6(b);  
20 (3) The issuance or denial of an injunction in aid of arbitration under subsection (b)(5) of  
21 this section; and  
22 (4) The grant or denial of an order enforcing a subpoena issued under § 9-36-7(b).
- 23 (b) A party to any agreement shall be deemed to have waived the right to such appeals. The  
24 supreme court, in consultation with the court of chancery, may publish rules for arbitration  
25 proceedings under this chapter and, unless an agreement provides for different rules, may specify  
26 that those rules govern arbitration proceedings under this chapter.
- 27 (c) Jurisdiction of the court of chancery. The making of an agreement confers jurisdiction  
28 on the court of chancery only to:  
29 (1) Appoint an arbitrator under § 9-36-5;  
30 (2) Enter judgment under § 9-36-10(b);  
31 (3) Upon the request of an arbitrator, enforce a subpoena issued under § 9-36-7(b);  
32 (4) Determine an arbitrator's fees under § 9-36-6(b); and  
33 (5) Issue, only before an arbitrator accepts appointment, an injunction in aid of an  
34 arbitration; provided that, the injunction may not divest the arbitrator of jurisdiction or authority.

1 Notwithstanding the foregoing, no court has jurisdiction to enjoin an arbitration under this chapter.

2 The court of chancery may promulgate rules to govern proceedings under this chapter.

3 (d) Jurisdiction of the superior court. The consummation of an arbitration agreement  
4 confers jurisdiction on the superior court only to enter judgment under § 9-36-10(c).

5 **9-36-5. Appointment of arbitrator by the court of chancery.**

6 (a) The court of chancery, on petition or on application of a party in an existing case, has  
7 exclusive jurisdiction to appoint one or more arbitrators upon:

8 (1) The consent of all parties to an agreement;

9 (2) The failure or inability of an arbitrator named in or selected under an agreement to serve  
10 as an arbitrator;

11 (3) The failure of an arbitration agreement to name an arbitrator or to provide a method for  
12 selecting an arbitrator;

13 (4) The inability of the parties to an agreement to appoint an arbitrator; or

14 (5) The failure of a procedure set forth in an arbitration agreement for selecting an  
15 arbitrator.

16 (b) Following the petition or application, each party shall propose to the court of chancery  
17 no more than three (3) persons that are qualified and willing to serve as an arbitrator.

18 (c)(1) The court of chancery shall, within thirty (30) days of the service of the petition or  
19 application, appoint an arbitrator and, in so doing, may take into account:

20 (i) The terms of an agreement;

21 (ii) The persons proposed by the parties; and

22 (iii) Reports made under § 9-36-6(d).

23 (2) An arbitrator appointed by the court of chancery may only be:

24 (i) A person named in or selected under the arbitration agreement;

25 (ii) An expert in any nonlegal discipline described in the arbitration agreement; or

26 (iii) A member in good standing of the bar of the supreme court for at least ten (10) years.

27 (d) An arbitrator so appointed has all the powers of an arbitrator specifically named in an  
28 agreement. Unless otherwise provided in an agreement, the court of chancery shall appoint a single  
29 arbitrator.

30 **9-36-6. Arbitrator fees and expenses of arbitration.**

31 (a) A person accepting an appointment as an arbitrator shall:

32 (1) Consent to the terms of this chapter; and

33 (2)(i) Accept the consequences set forth in subsection (b) of this section for failing to  
34 comply with the provisions of § 9-36-8(b).

1 (ii) An arbitrator is immune from civil liability for or resulting from any act or omission  
2 done or made in connection with an arbitration, unless the arbitrator's act or omission was made or  
3 done in bad faith, with malicious intent, or in a manner exhibiting a willful, wanton disregard of  
4 the rights, safety, or property of another.

5 (b) Unless otherwise provided in an agreement, an arbitrator's fees and expenses, together  
6 with other expenses incurred in the conduct of an arbitration, but not including counsel fees of  
7 parties to the arbitration, shall be borne as provided in a final award. Notwithstanding the foregoing,  
8 an arbitrator that fails to issue a final award in compliance with § 9-36-8(b) is not entitled to full  
9 payment of the arbitrator's fees. The arbitrator's fees shall be reduced by twenty-five percent (25%)  
10 if the final award is less than thirty (30) days late; the arbitrator's fees shall be reduced by seventy-  
11 five percent (75%) if the final award is between thirty (30) and sixty (60) days late; and the  
12 arbitrator's fees shall be reduced by one hundred percent (100%) if the final award is more than  
13 sixty (60) days late; provided, however, upon petition by an arbitrator, the court of chancery may  
14 summarily determine, on clear and convincing evidence, that exceptional circumstances exist such  
15 that the reductions in fee provided in this subsection should be modified or eliminated.

16 (c) An arbitrator may retain appropriate counsel, in consultation with the parties. The  
17 arbitrator's counsel may make rulings on issues of law, to the extent requested to do so by the  
18 arbitrator, which shall have the same effect as a ruling by the arbitrator, if the arbitrator so  
19 determines. The fees and expenses incurred by the arbitrator's counsel shall be included in the  
20 arbitrator's expenses described in subsection (b) of this section.

21 (d) An arbitrator that fails to issue a final award in compliance with § 9-36-8(b) shall,  
22 within ninety (90) days of the failure, report that failure to the clerk of the court of chancery,  
23 indicating:

24 (1) The date on which the arbitrator accepted appointment as an arbitrator; and

25 (2) The date on which the final award was issued.

26 **9-36-7. Hearing -- Witnesses -- Prehearing evidence gathering -- Rulings before final**  
27 **award.**

28 (a) Unless otherwise provided in an arbitration agreement, an arbitrator shall appoint a time  
29 and place for a hearing or an adjourned hearing, either of which shall be held within the state unless  
30 otherwise provided in an agreement. A party to an arbitration is entitled to be heard, to present  
31 evidence relevant to the arbitration, and to cross-examine witnesses appearing at a hearing.  
32 Notwithstanding the foregoing, an arbitrator may make such interim rulings and issue such interim  
33 orders as the arbitrator deems necessary to determine what evidence and which witnesses may be  
34 presented at the hearing, including to limit the presentation of evidence and witnesses as necessary

1 to satisfy § 9-36-8(b). An arbitrator may resolve an arbitration on the evidence produced at a  
2 hearing notwithstanding the failure of a party duly notified to appear or participate at the hearing.

3 (b) Unless otherwise provided in an agreement, an arbitrator has the power to administer  
4 oaths and may order the attendance of witnesses and the production of books, records, contracts,  
5 papers, accounts, and all other documents and evidence under the control or in the possession of  
6 the parties to the arbitration. Only if provided in the arbitration agreement, shall an arbitrator have  
7 the power to issue subpoenas, and all provisions of law compelling a person under subpoena to  
8 testify are applicable. Only if provided in the arbitration agreement, shall an arbitrator award  
9 commissions to permit a deposition to be taken, in the manner and on the terms designated by the  
10 arbitrator, of a witness who cannot be subpoenaed to appear for the arbitration hearing.

11 (c) An arbitrator may make such rulings, including rulings of law, and issue such orders or  
12 impose such sanctions as the arbitrator deems proper to resolve an arbitration in a timely, efficient,  
13 and orderly manner.

14 **9-36-8. Awards.**

15 (a) A final award shall be in writing and signed by an arbitrator, shall be provided to each  
16 party to an arbitration, and shall include a form of judgment for entry under § 9-36-10. Unless  
17 otherwise provided in an agreement, an arbitrator may make any award, whether legal or equitable  
18 in nature, deemed appropriate by the arbitrator. Unless otherwise provided in an arbitration  
19 agreement, an arbitrator may make in a final award rulings on any issue of law that the arbitrator  
20 considers relevant to an arbitration.

21 (b) Subject to subsection (c) of this section, an arbitrator shall issue a final award within  
22 the time fixed by an agreement or, if not so fixed, within one hundred twenty (120) days of the  
23 arbitrator's acceptance of the arbitrator's appointment.

24 (c) Parties to an arbitration may extend the time for the final award by unanimous consent  
25 in writing either before or after the expiration of that time, but the extension may not exceed,  
26 whether singly or in the aggregate, sixty (60) days after the expiration of the period set by  
27 subsection (b) of this section.

28 **9-36-9. Challenges -- Court powers to vacate, modify, or correct a final award.**

29 (a) An appeal to a final award may be taken to the supreme court in the manner as appeals  
30 are taken from orders or judgments in a civil action.

31 (b) An appeal to a final award shall be taken within fifteen (15) days of the issuance of the  
32 final award.

33 (c) In an appeal of a final award, the supreme court may only vacate, modify, or correct the  
34 final award in conformity with the Federal Arbitration Act, 9 U.S.C. §§ 1-16; 9 U.S.C. §§ 201-208;

1 9 U.S.C. §§ 301-307. The supreme court shall have the authority to order confirmation of a final  
2 award, which confirmation shall be deemed to be confirmation under § 9-36-10(a).

3 (d) Notwithstanding any other provision of this section, an agreement may provide for:

4 (1) No appellate review of a final award; or

5 (2) Appellate review of a final award by one or more arbitrators, in which case appellate  
6 review shall proceed as provided in the agreement. An appellate arbitrator may be appointed by the  
7 court of chancery of the state under § 9-36-5. An appellate arbitrator shall have authority to order  
8 confirmation of a final award, which confirmation shall be deemed to be confirmation under § 9-  
9 36-10(a).

10 **9-36-10. Confirmation of a final award -- Judgment on final award.**

11 (a) Unless an appeal is taken under § 9-36-9 or unless an agreement provides for appellate  
12 review by one or more arbitrators, a final award, without further action by the court of chancery of  
13 the state, is deemed to have been confirmed by the court of chancery on the fifth business day  
14 following the period for appeal under § 9-36-9(b). If an agreement provides for no appellate review  
15 of a final award, the final award is deemed to have been so confirmed on the fifth business day  
16 following the award's issuance.

17 (b) Except for a final award solely for money damages, upon application to the court of  
18 chancery by a party to an arbitration in which a final award has been confirmed under subsection  
19 (a) of this section, the court of chancery shall promptly enter a final judgment in conformity with  
20 that final award. A final judgment, so entered, has the same effect as if rendered in an action by the  
21 court of chancery.

22 (c) If a final award is solely for money damages, upon application to the superior court by  
23 a party to an arbitration in which a final award has been confirmed under subsection (a) of this  
24 section, the clerk of the superior court shall promptly enter a judgment on the judgment docket in  
25 conformity with that final award. The clerk of the superior court shall enter in the judgment docket  
26 the names of the parties, the amount of the final award, the time from which interest, if any, runs,  
27 and the amount of the costs, with the true date of the filing and entry. A final judgment, so entered,  
28 has the same force and effect as if rendered in an action at law, and, from that date, and may be  
29 perfected as a lien on all the real estate of the debtor, in the same manner and as fully as judgments  
30 rendered in the superior court are perfected as liens, and may be executed and enforced in the same  
31 way as judgments of the superior court.

32 **9-36-11. Application of chapter.**

33 It is the policy of this chapter to give maximum effect to the principle of freedom of  
34 contract and to the enforceability of agreements.

1           **9-36-12. Short title.**

2           This chapter may be cited as the "Rhode Island Rapid Arbitration Act."

3           SECTION 9. Chapter 18-1 of the General Laws entitled "Application of Laws to Trusts"  
4 is hereby amended by adding thereto the following section:

5           **18-1-6. Additional provisions governing trusts.**

6           (a) Notwithstanding any provisions to the contrary in this title 18 ("fiduciaries"), or this  
7 chapter 1 of title 18 ("application of law to trusts"), the following provisions shall apply to any  
8 trusts formed under the provisions of this chapter, effective July 1, 2026.

9           (1) Trustees may allocate trustees' duties to different parties, in order to allow family  
10 members or trusted advisors to retain control of investment and distribution decisions.

11           (2) Trusts may be established to last for up to one thousand (1,000) years for an initial  
12 period of the trust as so-called "dynasty trusts", and may be extended for additional one thousand  
13 (1,000) year periods an infinite number of times.

14           (3) Individuals inside or outside of Rhode Island may serve as trust protectors and trust  
15 advisors through entities including LLCs, without any requirement to register with any Rhode  
16 Island government entity.

17           (4) Private settlement of trust matters without court supervision is permitted.

18           (5) Holders of general powers of appointment, parents/guardians, or persons with  
19 substantially similar interests may represent minor, unborn, or remainder beneficiaries.

20           (6) Claims based on forced heirship, protecting beneficiaries whose families reside in  
21 forced heirship jurisdictions, are hereinafter prohibited.

22           (7) Trusts shall not be required to register and shall not be required to make any trust  
23 documents publicly available, and there shall be automatically sealed any trust-related judicial  
24 proceedings unless specifically ordered otherwise by a court of competent jurisdiction.

25           (8) No contest or in terrorem clauses shall be generally presumed valid, without common  
26 exceptions.

27           (9) Self-settled or "domestic asset protection" trusts, as well as nominee trusts, are  
28 recognized as permissible; provided, the length of time for creditor lookback provisions in domestic  
29 asset protection trusts shall be two (2) years with a six (6) month period for known creditors.

30           (10) Beneficiary notice requirements may be modified or eliminated by the trust document,  
31 creating so-called "silent" or "quiet" trusts.

32           (11) Trusts may remain in effect for the forever or in perpetuity, and the rule of perpetuities,  
33 so called, shall not be applied to trusts.

34           (12) Grantors of trusts may be beneficiaries.

1 [\(13\) Community property trusts are recognized.](#)

2 [\(14\) The state formally recognizes and adopts the provisions of the Uniform Directed Trust](#)  
3 [Act.](#)

4 **18-1-7. Nominee trusts established.**

5 [\(a\) A nominee trust may be established in this state as follows:](#)

6 [\(1\) The party seeking to establish a nominee trust must execute a certificate sworn to or](#)  
7 [stated to be executed under the penalties of perjury, and in either case signed by a person who from](#)  
8 [the records of the registry of deeds for the municipality in which real estate owned by a](#)  
9 [non testamentary trust lies, and that person appears to be a trustee thereunder and which certifies as](#)  
10 [to the following:](#)

11 [\(i\) The identity of the trustees or the beneficiaries thereunder;](#)

12 [\(ii\) The authority of the trustees to act with respect to real estate owned by the trust; or](#)

13 [\(iii\) The existence or nonexistence of a fact which constitutes a condition precedent to acts](#)  
14 [by the trustees or which are in any other manner germane to affairs of the trust.](#)

15 [\(b\) A document executed in compliance with and meeting the requirements of subsection](#)  
16 [\(a\) of this section shall be binding on all trustees and the trust estate in favor of a purchaser or other](#)  
17 [person relying in good faith on the certificate. The certificate most recently recorded in the registry](#)  
18 [of deeds for the municipality in which the real estate lies shall control.](#)

19 SECTION 10. Section 44-11-2 of the General Laws in Chapter 44-11 entitled "Business  
20 Corporation Tax" is hereby amended to read as follows:

21 **44-11-2. Imposition of tax.**

22 (a) Each corporation shall annually pay to the state a tax equal to nine percent (9%) of net  
23 income, as defined in § 44-11-11, qualified in § 44-11-12, and apportioned to this state as provided  
24 in §§ 44-11-13 — 44-11-15, for the taxable year. For tax years beginning on or after January 1,  
25 2015, each corporation shall annually pay to the state a tax equal to seven percent (7.0%) of net  
26 income, as defined in § 44-11-13 — 44-11-15, for the taxable year.

27 (b) A corporation shall pay the amount of any tax as computed in accordance with  
28 subsection (a) after deducting from "net income," as used in this section, fifty percent (50%) of the  
29 excess of capital gains over capital losses realized during the taxable year, if for the taxable year:

30 (1) The corporation is engaged in buying, selling, dealing in, or holding securities on its  
31 own behalf and not as a broker, underwriter, or distributor;

32 (2) Its gross receipts derived from these activities during the taxable year amounted to at  
33 least ninety percent (90%) of its total gross receipts derived from all of its activities during the year.  
34 "Gross receipts" means all receipts, whether in the form of money, credits, or other valuable

1 consideration, received during the taxable year in connection with the conduct of the taxpayer's  
2 activities.

3 (c) A corporation shall not pay the amount of the tax computed on the basis of its net  
4 income under subsection (a), but shall annually pay to the state a tax equal to ten cents (\$.10) for  
5 each one hundred dollars (\$100) of gross income for the taxable year or a tax of one hundred dollars  
6 (\$100), whichever tax shall be the greater, if for the taxable year the corporation is either a "personal  
7 holding company" registered under the federal Investment Company Act of 1940, 15 U.S.C. § 80a-  
8 1 et seq., "regulated investment company," or a "real estate investment trust" as defined in the  
9 federal income tax law applicable to the taxable year. "Gross income" means gross income as  
10 defined in the federal income tax law applicable to the taxable year, plus:

11 (1) Any interest not included in the federal gross income; minus

12 (2) Interest on obligations of the United States or its possessions, and other interest exempt  
13 from taxation by this state; and minus

14 (3) Fifty percent (50%) of the excess of capital gains over capital losses realized during the  
15 taxable year.

16 (d)(1) A small business corporation having an election in effect under subchapter S, 26  
17 U.S.C. § 1361 et seq., shall not be subject to the Rhode Island income tax on corporations, except  
18 that the corporation shall be subject to the provisions of subsection (a), to the extent of the income  
19 that is subjected to federal tax under subchapter S. Effective for tax years beginning on or after  
20 January 1, 2015, a small business corporation having an election in effect under subchapter S, 26  
21 U.S.C. § 1361 et seq., shall be subject to the minimum tax under § 44-11-2(e).

22 (2) The shareholders of the corporation who are residents of Rhode Island shall include in  
23 their income their proportionate share of the corporation's federal taxable income.

24 (3) [Deleted by P.L. 2004, ch. 595, art. 29, § 1.]

25 (4) [Deleted by P.L. 2004, ch. 595, art. 29, § 1.]

26 (e) Minimum tax. The tax imposed upon any corporation under this section, including a  
27 small business corporation having an election in effect under subchapter S, 26 U.S.C. § 1361 et  
28 seq., shall not be less than four hundred fifty dollars (\$450). For tax years beginning on or after  
29 January 1, 2017, the tax imposed shall not be less than four hundred dollars (\$400). [Provided, for](#)  
30 [tax years beginning after July 1, 2026, the minimum tax provided for under this subsection shall be](#)  
31 [eliminated.](#)

32 SECTION 11. Title 44 of the General Laws entitled "TAXATION" is hereby amended by  
33 adding thereto the following chapter:

34 [CHAPTER 12.1](#)

1 FRANCHISE TAX

2 **44-12.1-1. Fee imposed.**

3 (a) Every corporation, joint-stock company, limited liability company, partnership,  
4 statutory trusts or association incorporated in this state or qualified to do business in this state,  
5 whether or not doing business for profit, shall pay an annual franchise fee to the state.

6 (b) The franchise fee established herein shall be a minimum of four hundred fifty dollars  
7 (\$450) for all noncorporation entities to include limited liability companies, partnerships, and  
8 statutory trusts.

9 (c) The franchise fee for corporations shall be based upon the number of shares issued, as  
10 follows:

11 (1) For a corporation with five thousand (5,000) authorized shares or less, the franchise fee  
12 shall be four hundred fifty dollars (\$450);

13 (2) For a corporation with five thousand one (5,001) and up to ten thousand (10,000)  
14 authorized shares, the franchise fee shall be seven hundred fifty dollars (\$750); and

15 (3) For a corporation with ten thousand one (10,001) authorized shares or more, the  
16 franchise fee shall be one thousand dollars (\$1,000).

17 (d) The franchise fee as described in this section shall be deductible from and against the  
18 business corporation tax described in § 44-11-2, or a corresponding tax owed by entities identified  
19 in § 44-12.1-1(a).

20 (e) As used in this chapter:

21 (1) "Fee" means the franchise fee established pursuant to this section;

22 (2) "Return" means the fee return describe in § 44-12.1-2; and

23 (3) "Secretary" means the secretary of state.

24 **44-12.1-2. Filing of returns -- Contents.**

25 Every entity subject to the provisions of this chapter shall, on or before March 15, annually,  
26 file with the secretary of state as of the last day of its next preceding taxable year a fee return  
27 (hereinafter the "return"), under oath or affirmation, signed by its treasurer or by an authorized  
28 officer or agent of the entity, if organized, and if not organized, under oath of someone authorized  
29 to act by the entity, containing information as the secretary of state may require, including:

30 (1) The name of the entity and the location of its principal office.

31 (2) The amount of its capital stock authorized, and the par value thereof, if applicable.

32 (3) The amount of its capital stock authorized, without par value, if applicable.

33 **44-12.1-3. Valuation of no-par stock.**

34 In the case of corporations having capital stock of no-par value, one hundred dollars (\$100)

1 per share shall be deemed to be the par value for the purposes of this chapter.

2 **44-12.1-4. Assessment of fee -- Notice of amount.**

3 The secretary of state, as soon as possible after the filing of the return, shall assess, as of  
4 the last day of its next preceding taxable year, a fee upon each entity as provided in this chapter  
5 and shall mail a notice of the amount of the fee to each entity, but failure to receive the notice shall  
6 not invalidate the fee or excuse the nonpayment of the fee.

7 **44-12.1-4.1. Hearing on application.**

8 Any entity aggrieved by the action of the secretary of state in determining the amount of  
9 any fee or penalty imposed under the provisions of this chapter may apply to the secretary of state  
10 in writing, within thirty (30) days after the notice of the action is mailed to it, for a hearing relative  
11 thereto. The secretary of state shall fix a time and place for the hearing and shall so notify the  
12 applicant. At the hearing, the secretary shall correct manifest errors, if any, disclosed at the hearing  
13 and assess and collect the lawfully due fee together with any penalty or interest on the fee.

14 **44-12.1-5. Payment of fee.**

15 The fee shall be payable at the earlier of March 15 or within fifteen (15) days after its  
16 assessment and, if not paid when due, shall bear interest from the date of its assessment at the  
17 annual rate provided by § 44-1-7 for interest on delinquent payment of state taxes, until paid.

18 **44-12.1-5.1. Claims for refund -- Hearing upon denial.**

19 (a) Any entity subject to the provisions of this chapter may file a claim for refund with the  
20 secretary at any time within two (2) years after the fee has been paid. If the secretary shall determine  
21 that the fee has been overpaid, the secretary shall make a refund with interest at the annual rate  
22 provided by § 44-1-7.1 from the date of overpayment.

23 (b) Any entity whose claim for refund has been denied may, within thirty (30) days from  
24 the date of the mailing by the secretary of the notice of the decision, request a hearing, and the  
25 secretary shall, as soon as practicable, set a time and place for the hearing and shall notify the  
26 applicant.

27 **44-12.1-6. Penalty for failure to make return.**

28 If the fee and return that is required to be made by § 44-12.1-2 is not made within the time  
29 fixed by this chapter, the officer or agent neglecting or refusing to make the return shall be fined  
30 not exceeding five hundred dollars (\$500).

31 **44-12.1-7. Lien on real estate.**

32 The fee shall from the date of assessment become a lien upon the real estate of the entity  
33 liable for the fee until the fee is collected.

34 **44-12.1-8. Forfeiture of charter or articles for nonpayment of fee.**

1           The secretary may, after July 15 of each year, make up a list of all entities which have  
2 failed to pay any franchise fee assessed for two (2) years after the fee became due and payable,  
3 shall certify to the correctness of the list, and shall file the list as a public record in the office of the  
4 secretary of state. Upon the filing of the certified list, the charter, articles of organization, or articles  
5 of association of each of the entities shall become forfeited by reason of the failure to pay the fee,  
6 and all the entities shall cease to be bodies corporate, except as provided in § 7-1.2-1324. The  
7 secretary of state shall mail a notice of the forfeiture of charter or articles to each entity at its last  
8 known address, but failure to receive the notice shall not invalidate the forfeiture. Any entity or any  
9 stockholder, officer, manager or agent of the entity, continuing to act thereafter under any forfeited  
10 charter or articles, except as provided in § 7-1.2-1324, or pending an appeal from the forfeiture as  
11 provided, shall be deemed guilty of a misdemeanor and upon conviction shall be fined not less than  
12 fifty dollars (\$50.00) nor more than one thousand dollars (\$1,000) for each offense.

13           **44-12.1-9. Publication of forfeitures -- Vacation on payment of fee.**

14           The secretary of state shall publish on the secretary of state's website the names of all  
15 entities whose charters or articles have been forfeited. The forfeiture shall be vacated as to any  
16 entity, which shall pay all fees and all interest then due to the secretary within sixty (60) days of  
17 the date of the publication.

18           **44-12.1-10. Appeal of forfeitures.**

19           Any entity, by any stockholder, equity owner, manager or officer of the entity, aggrieved  
20 by the forfeiture of the charter or articles of the entity may appeal from the forfeiture, within thirty  
21 (30) days from the date of the publication, to the sixth division of the district court, and the court  
22 shall proceed as soon as possible to hear the appeal after the manner of equitable causes. If the  
23 appellant shall show to the satisfaction of the court that the forfeiture of the charter or articles of  
24 the entity was erroneous under the provisions, or that the fee assessed was improper or erroneous  
25 in whole or in part, and in that case if the appellant shall pay all fees and all interest then due under  
26 this chapter, then the court shall sustain the appeal and shall vacate the forfeiture as to the appellant  
27 entity. Upon failure to show error in the forfeiture under the provisions, or to pay all fees and all  
28 interest due, the court shall dismiss the appeal and confirm the forfeiture. Upon the sustaining of  
29 the appeal of any entity, the clerk of the district court shall, within ten (10) days, file with the  
30 secretary of state an attested copy of the decree vacating the forfeiture as to the appellant entity. A  
31 party aggrieved by a final order of the court may seek review in the supreme court by writ of  
32 certiorari in accordance with the procedures contained in § 42-35-16.

33           **44-12.1-11. Corporations exempt.**

34           The provisions of this section shall not apply to the following entities: Roger Williams

1 [General Hospital, Women and Infants Hospital of Rhode Island, Rhode Island Hospital, St. Joseph's](#)  
2 [Hospital, Butler Hospital, Newport Hospital, South County Hospital, Lincoln School, St. George's](#)  
3 [School, the Mary C. Wheeler School, Incorporated, insurance or surety companies, corporations](#)  
4 [mentioned in §§ 7-6-4, 27-25-1, and 44-13-4, and all corporations exempt by charter or by the law](#)  
5 [of this state.](#)

6 **44-12.1-12. Declarations under penalty of perjury.**

7 [The oath or affirmation required by this chapter as to any report or written statement shall](#)  
8 [not be required if the report or statement to be sworn to contains or is verified by a written](#)  
9 [declaration that it is made under the penalties of perjury; and whoever signs or issues any report or](#)  
10 [statement containing or verified by a written declaration shall, if the report or statement is willfully](#)  
11 [false, be guilty of perjury.](#)

12 **44-12.1-13. Appeals -- Interest on refunds.**

13 [Appeals from administrative orders or decisions made pursuant to any provisions of this](#)  
14 [chapter shall be to the sixth division district court pursuant to chapter 8 of title 8. The right to appeal](#)  
15 [shall be expressly made conditional upon prepayment of all fees, interest, and penalties unless the](#)  
16 [entity moves for and is granted an exemption from the prepayment. If the court, after appeal, holds](#)  
17 [that the entity is entitled to a refund, the entity shall also be paid interest on the amount at the rate](#)  
18 [provided in § 44-1-7.1.](#)

19 SECTION 12. Section 6 of this act shall take effect July 1, 2027. Sections 10 and 11 of this  
20 act shall take effect January 1, 2027. The remaining sections of this act shall take effect upon  
21 passage.

=====  
LC006320  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS AND PARTNERSHIPS -- RHODE  
ISLAND BUSINESS CORPORATION ACT -- THE RHODE ISLAND BUSINESS CLIMATE  
REFORM ACT

\*\*\*

1           This act would adopt a number of concepts from other jurisdictions with the goal of  
2 promoting a stronger climate for business growth in Rhode Island. This act would impose a  
3 "Franchise Fee" on most corporations, LLCs and partnerships, in lieu of the corporation tax. This  
4 act would, further, create a court of chancery to handle actions in equity, establish numerous  
5 provisions to govern arbitrations, and eliminate the cap on the homestead estate exemption.

6           Section 6 of this act would take effect July 1, 2027. Sections 10 and 11 of this act would  
7 take effect January 1, 2027. The remaining sections of this act would take effect upon passage.

=====  
LC006320  
=====