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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- DECARBONIZATION
DEMONSTRATION INITIATIVE ACT OF 2026

Introduced By: Senators Euer, Mack, DiMario, Valverde, Acosta, Gu, Kallman, and
Pearson

Date Introduced: March 04, 2026

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1.

2 The general assembly finds and declares that:

3 (1) The Act on Climate, chapter 6.2 of title 42, establishes legally binding greenhouse gas
4 emissions reduction targets for the state;

5 (2) Emissions from existing buildings, including large multi-unit residential buildings,
6 represent a significant portion of statewide greenhouse gas emissions;

7 (3) Ground-source geothermal heat pump systems and other deep-decarbonization
8 measures can substantially reduce emissions from existing residential buildings;

9 (4) A principal barrier to adoption of such systems is the cost and financial risk associated
10 with obtaining detailed, site-specific feasibility proposals; and

11 (5) Reducing this barrier through a feasibility-first financing approach will accelerate
12 informed investment decisions, advance compliance with the Act on Climate, and generate data to
13 support future decarbonization policy.

14 SECTION 2. Title 42 of the General Laws entitled "STATE AFFAIRS AND
15 GOVERNMENT" is hereby amended by adding thereto the following chapter:

16 [CHAPTER 6.3](#)

17 [DECARBONIZATION DEMONSTRATION INITIATIVE ACT OF 2026](#)

18 [42-6.3-1. Definitions.](#)

1 As used in this chapter:

2 (1) "Applicant" means the owner, or an authorized agent of the owner, of a multi-unit
3 residential dwelling containing greater than sixty-five thousand square feet (65,000 sq.ft.) of gross
4 floor area.

5 (2) "Feasibility proposal" means a detailed technical and economic assessment prepared by
6 a qualified contractor evaluating the feasibility of converting an existing building to a geothermal
7 heat pump system, including, but not limited to:

8 (i) Estimated installation and operating costs;

9 (ii) Anticipated energy savings and greenhouse gas emission reductions;

10 (iii) Required changes to internal heating and cooling distribution systems;

11 (iv) The provision of air conditioning in conjunction with heating; and

12 (v) Impacts on tenant services, building operations, and cost allocation.

13 (3) "Gross floor area" means the total enclosed floor area of a building, measured from the
14 exterior faces of exterior walls, including residential units and common areas, but excluding
15 parking areas not enclosed within the building envelope.

16 (4) "Initial feasibility screening" means a preliminary assessment indicating that a building
17 may be technically suitable for geothermal conversion.

18 (5) "Office" means the Rhode Island office of energy resources.

19 (6) "Qualified contractor" means a professional engineer, energy consultant, or geothermal
20 contractor with demonstrated experience in geothermal system design, as approved by the office.

21 **42-6.3-2. Geothermal feasibility loan program established.**

22 (a) There is hereby established within the office a demonstration initiative known as the
23 multi-unit residential geothermal feasibility loan program.

24 (b) The program shall be administered by the office, in coordination with the Rhode Island
25 infrastructure bank, and shall provide no-interest loans to eligible applicants for the sole purpose
26 of obtaining feasibility proposals.

27 **42-6.3-3. Eligibility and application requirements.**

28 (a) To be eligible for a loan under this chapter, an applicant shall:

29 (1) Own or control a multi-unit residential dwelling containing greater than sixty-five
30 thousand square feet (65,000 sq.ft.) of gross floor area;

31 (2) Submit an initial feasibility screening prepared by a qualified contractor indicating
32 potential suitability for geothermal conversion; and

33 (3) Provide any additional information as the office may require by rule.

34 (b) The office may prioritize applications based on building size, age, energy use intensity,

geographic distribution, housing type, or anticipated greenhouse gas reduction potential, consistent with the purposes of this chapter.

42-6.3-4. Loan amount and permitted uses.

(a) Loans issued under this chapter shall not exceed fifty thousand dollars (\$50,000) per building provided, however, the loan may be up to seventy-five thousand dollars (\$75,000) if the dwelling has greater than one-hundred thousand square feet (100,000 sq. ft.) of gross floor area.

(b) Loan proceeds shall be used solely to pay for the preparation of a feasibility proposal by a qualified contractor.

42-6.3-5. Loan terms - no-risk provisions.

(a) Loans issued pursuant to this chapter shall bear no interest.

(b) Repayment of a loan shall not be required if:

(1) The feasibility proposal determines that geothermal conversion is not feasible; or

(2) The applicant elects not to proceed with implementation due to the inability to obtain financing, investor approval, ownership approval, or other approvals beyond the applicant's reasonable control.

(c) If an applicant proceeds with geothermal conversion, the loan shall be due at the commencement of construction provided, however, the office may allow repayment of the feasibility loan through, or in conjunction with, existing state or utility clean-energy financing or incentive programs including, but not limited to, any clean energy program offered by the office of energy resources, approved by the commissioner of energy resources.

42-6.3-6. Rules, regulations and administration.

The office shall work in conjunction with the state building code standards committee and shall promulgate rules and regulations pursuant to chapter 42 of title 35 to implement and administer this chapter, including, but not limited to, contractor qualification standards, application procedures, loan documentation, and program oversight.

42-6.3-7. Reporting.

The office shall submit an annual report to the governor, the speaker of the house of representatives, and the president of the senate containing:

(1) The number of applications received and approved;

(2) The total amount of loans issued;

(3) Feasibility outcomes and building characteristics;

(4) Estimated energy savings and greenhouse gas emission reductions; and

(5) Recommendations for continuation, modification, or expansion of the program as a tool to achieve the goals set by chapter 6.2 of title 42 ("act on climate").

1 **42-6.3-8. Appropriation -- Revolving fund established.**

2 (a) The general assembly shall consider annual recommendations by the office to
3 appropriate out of any money in the treasury not otherwise appropriated in any given year, for the
4 fiscal year commencing July 1, 2026, and each fiscal year thereafter, the sum (not to exceed five-
5 hundred thousand dollars (\$500,000)) as may be necessary to implement the provisions of this
6 chapter.

7 (b) Funds appropriated pursuant to this section shall be used solely for:

8 (1) Feasibility loans issued under this chapter;

9 (2) Reasonable administrative costs incurred by the office of energy resources and the
10 Rhode Island infrastructure bank; and

11 (3) Program evaluation and reporting required under § 42-6.3-7.

12 (c) Any funds appropriated but not expended or encumbered at the end of a fiscal year shall
13 remain available for expenditure in subsequent fiscal years for the purposes of this chapter.

14 (d) Any funds repaid under this chapter shall be retained by the office and shall be re-lent
15 by the office to new applicants on the same terms and conditions set forth herein.

16 **42-6.3-9. Severability.**

17 If any provision of this chapter or the application thereof to any person or circumstance is
18 held invalid, such invalidity shall not affect other provisions or applications of the chapter which
19 can be given effect without the invalid provision or application.

20 SECTION 3. 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 -- DECARBONIZATION
DEMONSTRATION INITIATIVE ACT OF 2026

- 1 This act would create the multi-unit residential decarbonization initiative program to
- 2 provide revolving funding for feasibility studies to convert large, multi-family residential units to
- 3 non-emitting renewable geothermal energy.
- 4 This act would take effect upon passage.

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