

1 and training until such time that the secretary of commerce is appointed.

2 (b) Upon the appointment of a secretary of commerce, the secretary of commerce shall be
3 chair.

4 **42-6.1-3. Purpose of cabinet.** -- The governor's commerce and workforce coordinating
5 cabinet shall provide for the integration and coordination of the activities of the various agencies
6 and departments that are involved in the development of the Rhode Island economy and its
7 workforce and ensure the consistent implementation of the economic development policy and
8 strategic plan developed in accordance with section 42-64.15.

9 SECTION 2. Sections 42-64.13-3, 42-64.13-5 and 42-64.13-6 of the General Laws in
10 Chapter 42-64.13 entitled "Rhode Island Regulatory Reform Act" are hereby amended to read as
11 follows:

12 **42-64.13-3. Purposes of chapter.** -- The purposes of this chapter are to create within the
13 ~~office of management and budget~~ Rhode Island executive office of commerce, the office of
14 regulatory reform that will facilitate the regular review of Rhode Island's regulatory processes and
15 permitting procedures, report thereon in an effort to improve them and assist and facilitate
16 economic development opportunities within the regulatory and permitting processes and
17 procedures that exist within Rhode Island state and municipal government.

18 **42-64.13-5. Creation of the office of regulatory reform.** -- The ~~office of management~~
19 ~~and budget~~ Rhode Island executive office of commerce shall create an office of regulatory reform
20 that shall be adequately staffed and supervised in order to fulfill its functions as set forth in this
21 chapter.

22 **42-64.13-6. Director of office of regulatory reform.** -- The office of regulatory reform
23 shall be managed by a director of office of regulatory reform who shall report to the ~~director of~~
24 ~~the office of management and budget~~ secretary of commerce within the Rhode Island executive
25 office of commerce.

26 SECTION 3. Title 42 of the General Laws entitled "STATE AFFAIRS AND
27 GOVERNMENT" is hereby amended by adding thereto the following chapter:

28 CHAPTER 64.19

29 EXECUTIVE OFFICE OF COMMERCE

30 **42-64.19-1. Statement of intent.** -- The purpose of this chapter is to develop an
31 integrated system of economic development activities while preserving and protecting the safety
32 and quality of life for the citizens of Rhode Island and to promote the economic viability of the
33 Rhode Island economy, and ensure the efficient use of all available resources by the
34 departments/divisions responsible for the regulation of growth within the state and the provision

1 of labor and training programs serving all Rhode Islanders, and to provide and promote and
2 encourage the preservation, expansion and sound development of new and existing industry,
3 business, commerce, agriculture, tourism, recreational, and renewable energy facilities,
4 promoting thereby the economic development of the state and the general welfare of its citizens
5 and to meet this need while continuing to build on the achievements that have already been made.
6 The interests of all Rhode Islanders will best be served by codifying in the state's general laws the
7 purposes and responsibilities of the executive office of commerce and the position of secretary of
8 commerce.

9 **42-64.19-2. Purposes. --** The Rhode Island executive office of commerce is authorized,
10 created, and established as the state's lead agency for economic development throughout Rhode
11 Island for the following purposes: To promote and encourage the preservation, expansion, and
12 sound development of new and existing industry, business, commerce, agriculture, tourism, and
13 recreational facilities in the state, which will promote the economic development of the state and
14 the creation of opportunities for economic stability and employment through a business climate
15 that fosters opportunity for all Rhode Islanders.

16 **42-64.19-3. Executive office of commerce. --** (a) There is hereby established within the
17 executive branch of state government an executive office of commerce effective February 1,
18 2015, to serve as the principal agency of the executive branch of state government for managing
19 the promotion of commerce and the economy within the state and shall have the following
20 powers and duties in accordance with the following schedule:

21 (1) On or about February 1, 2015, to operate functions from the department of business
22 regulation;

23 (2) On or about April 1, 2015, to operate various divisions and functions from the
24 department of administration;

25 (3) On or before September 1, 2015, to provide to the Senate and the House of
26 Representatives a comprehensive study and review of the roles, functions, and programs of the
27 Department of Administration and the Department of Labor and Training to devise
28 recommendations and a business plan for the integration of these entities with the office of the
29 secretary of commerce. The governor may include such recommendations in the Fiscal Year 2017
30 budget proposal.

31 (b) In this capacity, the office shall:

32 (1) Lead or assist state departments and coordinate business permitting processes in order
33 to:

34 (i) Improve the economy, efficiency, coordination, and quality of the business climate in

1 the state:

2 (ii) Design strategies and implement best practices that foster economic development and
3 growth of the state's economy;

4 (iii) Maximize and leverage funds from all available public and private sources, including
5 federal financial participation, grants and awards;

6 (iv) Increase public confidence by conducting customer centric operations whereby
7 commercial enterprise are supported and provided programs and services that will grow and
8 nurture the Rhode Island economy; and

9 (v) Be the state's lead agency for economic development.

10 (c) The office shall include the office of regulatory reform and other administration
11 functions which promote, enhance or regulate various service and functions in order to promote
12 the reform and improvement of the regulatory function of the state.

13 **42-64.19-4. Secretary of commerce -- Appointment.** -- The executive office of
14 commerce shall be administered by a secretary of commerce, hereafter referred to as "secretary."
15 The position of secretary is hereby created in the unclassified service. The secretary shall be
16 appointed by the governor with the advice and consent of the senate. The secretary shall hold
17 office at the pleasure of the governor and until a successor is appointed and qualified. Before
18 entering upon the discharge of duties, the secretary shall take an oath to faithfully execute the
19 duties of the office. The secretary shall be appointed by February 1, 2015.

20 **42-64.19-5. Responsibilities of the secretary.** -- (a) The secretary shall be responsible to
21 the governor for supervising the executive office of commerce, improving the functions and
22 operations of Rhode Island state government to be clear, reliable, predictable, and as responsive
23 and user-friendly to the state's business community as is practicable, for managing and providing
24 strategic leadership and direction to the other divisions and departments under the jurisdiction of
25 this chapter, for serving as the chief executive officer of the Rhode Island commerce corporation,
26 for convening the economic development planning council to develop the economic development
27 policy and strategic plan in accordance with section 42-64.16, for serving as chair of the council
28 of economic advisors in accordance with section 42-64.17; for serving as vice-chair of the Human
29 Resources Investment Council; and for chairing the Governor's Commerce and Workforce
30 Cabinet established pursuant to section 42-6.1.

31 (b) Notwithstanding any provision of law to the contrary, the secretary shall appoint the
32 chiefs/directors of the divisions/departments within the executive office of commerce with the
33 consent of the governor.

34 **42-64.19-6. Duties of the secretary.** -- The secretary shall be subject to the direction and

1 supervision of the governor for the oversight, coordination and cohesive direction of state
2 economic development activities of the state and in ensuring the laws are faithfully executed,
3 notwithstanding any law to the contrary. In this capacity, the secretary of commerce shall be
4 authorized to:

5 (1) Coordinate the administration and financing of various departments or divisions
6 within the office and to supervise the work of the Rhode Island commerce corporation.

7 (2) Serve as the governor's chief advisor and liaison to federal policymakers on economic
8 development as well as the principal point of contact in the state on any such related matters.

9 (3) Review and ensure the coordination of the development of an overarching economic
10 development plan as produced by the office.

11 (4) Receive from department directors, within the timelines specified, any information
12 and resources the secretary deems necessary in order to perform the reviews authorized in this
13 section;

14 (5) Engage in regulatory reform across all state agencies to protect the health and
15 wellbeing of Rhode Islanders while meeting business needs for a clear, predictable, and reliable
16 regulatory structure in the state; including the implementation of systems to enhance customer
17 service by simplifying and expediting state permitting processes.

18 (6) Prepare and submit to the governor, the chairpersons of the house and senate finance
19 committees, and the caseload estimating conference, by no later than April 15 of each year, a
20 comprehensive overview of the Rhode Island economy. The secretary shall determine the
21 contents of the overview and shall determine the important economic data and information that
22 will inform the governor, and the revenue estimating committee on the economic conditions of
23 the state and future issues and forward looking projects of the Rhode Island economy.

24 (7) The directors of the departments, as well as local governments and school
25 departments, shall assist and cooperate with the secretary in fulfilling this responsibility by
26 providing whatever information and support shall be necessary.

27 (8) Resolve administrative, jurisdictional, operational, program, or policy conflicts
28 among departments and their executive staffs and make necessary recommendations to the
29 governor.

30 (9) Assure continued progress toward improving the quality, the accountability, and the
31 efficiency of state-administered programs to support the Rhode Island economy. In this capacity,
32 the secretary shall:

33 (i) Direct implementation of reforms in the economic development practices of the
34 departments that streamline and upgrade services, achieve greater economies of scale and

1 establish the coordinated system of the staff education, cross- training, and career development
2 services necessary to recruit and retain a highly-skilled, responsive, and engaged workforce;

3 (ii) Encourage departments to utilize consumer-centered approaches to service design and
4 delivery that expand their capacity to respond efficiently and responsibly to the diverse and
5 changing needs of the people and communities they serve;

6 (iii) Develop all opportunities to maximize resources by leveraging the state's purchasing
7 power, centralizing fiscal service functions related to budget, finance, and procurement,
8 centralizing communication, policy analysis and planning, and information systems and data
9 management, pursuing alternative funding sources through grants, awards and partnerships and
10 securing all available federal financial participation for programs and services provided through
11 the departments; and

12 (iv) Strengthen the financial support system for business and enterprises program
13 integrity, quality control and collections, and recovery activities by consolidating functions within
14 the office in a single unit that ensures all affected parties pay their fair share of the cost of
15 services and are aware of alternative financing.

16 (10) Prepare and integrate comprehensive budgets for the commerce services departments
17 and functions and duties assigned to the office. The budgets shall be submitted to the state budget
18 office by the secretary, for consideration by the governor, on behalf of the state's commerce
19 agencies in accordance with the provisions set forth in section 35-3-4 of the Rhode Island general
20 laws.

21 (11) Utilize objective data to evaluate economic development policy goals, resource use
22 and outcome evaluation and to perform short and long-term policy planning and development.

23 (12) Establishment of an integrated approach to interdepartmental information and data
24 management that complements and furthers the goals of the council of economic advisors and
25 that will facilitate the transition to consumer-centered system of state administered economic
26 development programs and services.

27 (13) At the direction of the governor or the general assembly, conduct independent
28 reviews of state-administered economic development programs, policies and related agency
29 actions and activities and assist the department directors in identifying strategies to address any
30 issues or areas of concern that may emerge thereof. The department directors shall provide any
31 information and assistance deemed necessary by the secretary when undertaking such
32 independent reviews.

33 (14) Provide regular and timely reports to the governor and make recommendations with
34 respect to the state's economic development agenda.

1 (15) Employ such personnel and contract for such consulting services as may be required
2 to perform the powers and duties lawfully conferred upon the secretary.

3 (16) Implement the provisions of any general or public law or regulation related to the
4 disclosure, confidentiality and privacy of any information or records, in the possession or under
5 the control of the executive office or the departments assigned to the executive office, that may be
6 developed or acquired for purposes directly connected with the secretary's duties set forth herein.

7 **42-64.19-7. Departments/divisions assigned to the executive office -- Powers and**
8 **duties.** -- (a) The departments and/or divisions assigned to the secretary shall:

9 (1) Exercise their respective powers and duties in accordance with their statutory
10 authority and the general policy established by the governor or by the secretary acting on behalf
11 of the governor or in accordance with the powers and authorities conferred upon the secretary by
12 this chapter;

13 (2) Provide such assistance or resources as may be requested or required by the governor
14 and/or the secretary; and

15 (3) Provide such records and information as may be requested or required by the
16 governor and/or the secretary to the extent allowed under the provisions of any applicable general
17 or public law, regulation, or agreement relating to the confidentiality, privacy or disclosure of
18 such records or information.

19 (4) Forward to the secretary copies of all reports to the governor.

20 (b) Except as provided herein, no provision of this chapter or application thereof shall be
21 construed to limit or otherwise restrict the departments, offices, or divisions assigned to the
22 secretary from fulfilling any statutory requirement or complying with any valid rule or regulation.

23 (c) The secretary shall determine in collaboration with the department directors whether
24 the officers, employees, agencies, advisory councils, committees, commissions, and task forces of
25 the departments who were performing such functions shall be transferred to the office.

26 (d) In the transference of such functions, the secretary shall be responsible for ensuring:

27 (1) Minimal disruption of services to consumers;

28 (2) Elimination of duplication of functions and operations;

29 (3) Services are coordinated and functions are consolidated where appropriate;

30 (4) Clear lines of authority are delineated and followed;

31 (5) Cost savings are achieved whenever feasible;

32 (6) Program application and eligibility determination processes are coordinated and,
33 where feasible, integrated; and

34 (7) State and federal funds available to the office and the entities therein are allocated and

1 utilized for service delivery to the fullest extent possible.

2 (e) Except as provided herein, no provision of this chapter or application thereof shall be
3 construed to limit or otherwise restrict the departments under this section from fulfilling any
4 statutory requirement or complying with any regulation deemed otherwise valid.

5 (f) To ensure an orderly transfer of functions to the office of commerce the following
6 transition shall occur at the direction of the governor, secretary of commerce and the respective
7 directors of the department affected.

8 (g) On or about February 1, 2015, the office shall commence to operate all functions
9 currently assigned to the department of business regulation (DBR)

10 (h) On or about April 1, 2015, the office shall commence to operate the regulatory reform
11 and housing/community development functions currently assigned to the department of
12 administration.

13 (I) In addition to the requirements of RIGL section 35-3-7, budgets submitted by the
14 impacted state departments for state fiscal years 2015 and 2016 shall include provisions to
15 implement this section.

16 **42-64.19-8. Appointment of employees.** -- The secretary, subject to the provisions of
17 applicable state law, shall be the appointing authority for all employees of the executive office of
18 commerce. The secretary may assign this function to such subordinate officers and employees of
19 the executive office as may to him or her seem feasible or desirable. The appointing authority of
20 the secretary provided for herein shall not affect, interfere with, limit, or otherwise restrict the
21 appointing authority vested in the directors for the employees of the departments under applicable
22 general and public laws.

23 **42-64.19-9. Appropriations and disbursements.** -- The general assembly shall annually
24 appropriate such sums as it may deem necessary for the purpose of carrying out the provisions of
25 this chapter. The state controller is hereby authorized and directed to draw his or her orders upon
26 the general treasurer for the payment of such sum or sums, or so much thereof as may from time
27 to time be required, upon receipt by him or her of proper authenticated vouchers approved by the
28 secretary of the executive office of commerce, or his or her designee.

29 **42-64.19-10. Rules and regulations.** -- The executive office of commerce shall be
30 deemed an agency for purposes of section 42-35-1, et seq. of the Rhode Island general laws. The
31 secretary shall make and promulgate such rules and regulations, fee schedules not inconsistent
32 with state law and fiscal policies and procedures as he or she deems necessary for the proper
33 administration of this chapter and to carry out the policy and purposes thereof.

34 **42-64.19-11. Severability.** -- If any provision of this chapter or the application thereof to

1 any person or circumstance is held invalid, such invalidity shall not affect other provisions or
2 applications of the chapter, which can be given effect without the invalid provision or application,
3 and to this end the provisions of this chapter are declared to be severable.

4 **42-64.19-12. Cooperation of other state executive branch agencies.** -- As may be
5 appropriate from time to time, the departments and other agencies of the state of the executive
6 branch that have not been assigned to the executive office of commerce under this chapter shall
7 assist and cooperate with the executive office as may be required by the governor requested by
8 the secretary.

9 SECTION 4. Sections 42-102-2, 42-102-3 and 42-102-6 of the General Laws in Chapter
10 42-102 entitled "Rhode Island Human Resource Investment Council" are hereby amended to read
11 as follows:

12 **42-102-2. Composition of council.** -- ~~(a) Effective until January 1, 2005, the council~~
13 ~~shall be composed of twenty seven (27) members of whom no less than one third (1/3) shall be~~
14 ~~women as follows:~~

15 ~~(1) One shall be appointed by the governor from the nongovernmental sector to serve as~~
16 ~~chairperson of the council;~~

17 ~~(2) Eight (8) shall be appointed by the governor from the employer community, two (2)~~
18 ~~of whom shall be from the nonprofit sector, and at least two (2) of whom must be women from~~
19 ~~the following employer groups:~~

20 ~~(i) Two (2) from companies with fewer than twenty five (25) employees;~~

21 ~~(ii) Two (2) from companies with twenty five (25) to two hundred fifty (250) employees;~~

22 ~~(iii) Two (2) from companies with more than two hundred fifty (250) employees; and~~

23 ~~(iv) Two (2) from minority owned companies;~~

24 ~~(3) Three (3) members from organized labor shall be appointed by the governor;~~

25 ~~(4) One member from a community based organization representing minorities shall be~~
26 ~~appointed by the governor;~~

27 ~~(5) One individual who serves as the chairperson of the governor's commission on~~
28 ~~disabilities;~~

29 ~~(6) Six (6) individuals shall serve on the council by virtue of their respective positions as~~
30 ~~chairpersons of the following organizations:~~

31 ~~(i) Three (3) individuals, who serve as chairpersons of their respective private industry~~
32 ~~councils;~~

33 ~~(ii) One individual who serves as chairperson of the Rhode Island state apprenticeship~~
34 ~~council; and~~

1 ~~(iii) One individual who serves as chairperson of the pathways to independence advisory~~
2 ~~council;~~

3 ~~(7) The president of the senate and the speaker of the house shall appoint one individual~~
4 ~~each from their respective chambers to become members of the council;~~

5 ~~(8) The directors or commissioners of the following four (4) departments and~~
6 ~~corporation shall serve on the council: employment and training, Rhode Island economic~~
7 ~~development corporation, human services, elementary and secondary education, and higher~~
8 ~~education;~~

9 ~~(9) The executive director of the Rhode Island economic policy council shall serve on~~
10 ~~the council; and~~

11 ~~(10) Any individual serving on the council as of June 1, 2004 shall remain on the council~~
12 ~~until the new members are appointed and confirmed by the senate.~~

13 ~~(b) Effective January 1, 2005, the~~ The council shall be composed of fifteen (15)
14 members, the secretary of commerce, who shall be vice-chair, ~~thirteen (13)~~ twelve (12) members
15 appointed by the governor, with the advice and consent of the senate, at least four (4) of whom
16 shall be women, at least three (3) of whom shall be from minority communities, and at least one
17 of whom shall be a person with disabilities, as follows:

18 (1) One shall be appointed by the governor to serve as chairperson of the council;

19 (2) ~~Six (6)~~ Five (5) shall be appointed by the governor from the employer community, in
20 a manner that is representative of employers of different sizes and sectors, including the nonprofit
21 sector; provided, however, that in the event that there is established a state workforce investment
22 board that is separate and distinct from the council, then one of the ~~six (6)~~ five (5) representatives
23 of the employer community shall be the chairperson of the state work force investment board, and
24 if all employer community appointments have been duly made and are filled, then the appointed
25 chairperson of the state workforce investment board shall be made with the next available
26 appointment of a representative of the employer community;

27 (3) Four (4) members from organized labor shall be appointed by the governor;

28 (4) Two (2) members from community-based organizations shall be appointed by the
29 governor;

30 (5) The president of the senate and the speaker of the house shall appoint one individual
31 each from their respective chambers to be members of the council.

32 ~~(c) Transitional Provisions. — The council as provided for in subsection (b) shall assume~~
33 ~~the powers, duties and responsibilities set forth in this chapter, and the council as provided for in~~
34 ~~subsection (a) shall be terminated, and shall cease to exist and all the powers, duties, and~~

1 ~~responsibilities of the council as provided for in subsection (a) shall be transferred to the council~~
2 ~~as provided in subsection (b); the governor may appoint persons serving on the council as~~
3 ~~provided for in subsection (a) to the council as provided for in subsection (b), as provided for in~~
4 ~~section 42-102-4(a), and may appoint an interim executive director who shall serve until such~~
5 ~~time as an executive director is appointed in accordance with section 42-102-3(b). All rules,~~
6 ~~regulations, decisions, actions, and approvals taken by the council as provided in subsection (a)~~
7 ~~shall remain in full force and effect until superseded, amended, revised, or rescinded by the~~
8 ~~council as provided for in subsection (b). The present council will continue its duties and~~
9 ~~responsibilities until the new members of the council are appointed and a number sufficient to~~
10 ~~satisfy a quorum are confirmed by the senate.~~

11 **42-102-3. Officers.** -- (a) The position of chairperson shall be unpaid and the individual
12 that is appointed chairperson shall serve a three (3) year term. The governor may reappoint the
13 individual appointed chairperson to serve another three (3) year term. ~~The council shall elect from~~
14 ~~its own members a vice chairperson, who is authorized to preside over meetings in the absence of~~
15 ~~the chairperson.~~

16 (b) The secretary of commerce shall be vice-chair, and is authorized to preside over
17 meetings in the absence of the chairperson.

18 ~~(b)~~(c) Executive director. - The council, in consultation with the governor, shall appoint
19 an executive director who shall serve at the pleasure of the council, provided that the executive
20 director's initial engagement by the council shall be for a period of not more than three (3) years.
21 The position of executive director shall be in the unclassified service of the state and he or she
22 shall serve as the chief executive officer of the council.

23 **42-102-6. Duties.** -- (a) The council shall meet with other entities involved with
24 vocational education, labor, and training and shall be responsible for the planning of labor and
25 training activities to ensure that a comprehensive and cohesive plan is developed. The council
26 shall take into consideration the needs of all segments of the state's citizenry in establishing goals
27 and training objectives.

28 (b) The council shall establish policy to ensure the effectiveness and efficiency of
29 programs and activities as they pertain to labor and training, including the workforce needs of
30 state employers.

31 (c) The council shall provide funding for special projects that will increase and improve
32 the skill base of Rhode Island's workforce. The council shall take into account labor market
33 information from the Rhode Island economic development corporation to help establish training
34 needs. In addition, the council shall have the following responsibilities:

- 1 (1) Prepare and submit by September 1, 1992 and thereafter annually, a proposed budget
2 for the ensuing year for the governor's approval;
- 3 (2) The auditor general shall conduct annual audits of all financial accounts and any
4 other audits that he or she shall deem necessary.
- 5 (3) Ensure that, for those contracts or grants characterized as training or upgrading, the
6 administrative expenses of the private or public entity awarded the contract or grant shall not
7 exceed fifteen percent (15%) of the total contract or grant.
- 8 (4) Receive any gifts, grants, or donations made and to disburse and administer them in
9 accordance with the terms thereof; and
- 10 (5) Allocate moneys from the job development fund for projects to implement the
11 recommendations of the council, including, but not limited to, technology transfers or technical
12 assistance to manufacturers to improve their operations through the use of appropriate
13 technologies; provided, that for fiscal year 2005, a minimum of three million four hundred
14 thousand dollars (\$3,400,000) from the job development fund shall be allocated for adult literacy
15 programs.
- 16 (6) Within ninety (90) days after the end of each fiscal year, the council shall approve
17 and submit an annual report to the governor, the speaker of the house, the president of the senate,
18 and the secretary of state, of its activities during the fiscal year. The report shall provide: an
19 operating statement summarizing meetings or hearings held, meeting minutes if requested,
20 subjects addressed, decisions rendered, rules and regulations promulgated, studies conducted,
21 policies and plans developed, approved or modified, and programs administered or initiated; a
22 consolidated financial statement of all funds received and expended including the source of funds,
23 a listing of any staff supported by these funds, and a summary of clerical, administrative,
24 professional or technical reports received; a summary of performance during the previous fiscal
25 year including accomplishments, shortcomings and remedies; a synopsis of hearings, complaints,
26 suspensions or other legal matters related to the authority of the council; a summary of any
27 training courses held pursuant to subsection 42-102-2(c); a briefing on anticipated activities in the
28 upcoming fiscal year; and findings and recommendations for improvement. The report, within
29 thirty (30) days of its completion, shall be posted electronically on the general assembly and
30 secretary of state's websites. The director of the department of administration shall be responsible
31 for the enforcement of this provision.
- 32

1 SECTION 5. Section 1 of this act shall take effect upon passage. Sections 2, 3, and 4
2 shall take effect on February 1, 2015.

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LC02356/SUB B/2
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- EXECUTIVE OFFICE OF
COMMERCE

- 1 This act would create the executive office of commerce.
2 Section 1 of this act would take effect upon passage. Sections 2, 3, and 4 would take
3 effect on February 1, 2015.

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LC02356/SUB B/2
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