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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

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A N A C T

RELATING TO STATUTES AND STATUTORY CONSTRUCTION -- 2018

Introduced By: Representatives Shekarchi, and Morgan

Date Introduced: May 04, 2018

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

1 ARTICLE I--STATUTORY REENACTMENT

2 SECTION 1. It is the express intention of the General Assembly to reenact the entirety of
3 title 7 contained in volume 2 part 2 of the General Laws of R.I., including every chapter and
4 section therein, and any chapters and sections of title 7 not included in this act may be, and are
5 hereby, reenacted as if fully set forth herein.

6 SECTION 2. Sections 7-1.2-704, 7-1.2-711 and 7-1.2-1405 of the General Laws in
7 Chapter 7-1.2 entitled "Rhode Island Business Corporation Act" are hereby amended to read as
8 follows:

9 **7-1.2-704. Voting list.**

10 (a) After fixing a record date for a meeting, a corporation shall prepare a list of the names
11 of all its shareholders who are entitled to notice of a shareholders' meeting.

12 (b) The shareholders' list must be available for inspection by any shareholder, at least ten
13 (10) days before the meeting ~~is given~~ for which the list was prepared and continuing through the
14 meeting, at the corporation's registered office or principal place of business. A shareholder, his or
15 her agent or attorney is entitled on written demand to inspect the list during regular business
16 hours during the period it is available for inspection.

17 (c) The corporation shall make the shareholders' list available to any shareholder in
18 attendance, whether in person or by remote communication, and any shareholder, his agent, or
19 attorney is entitled to inspect the list at any time during the meeting or any adjournment.

1 (d) The persons who appear from the list to be shareholders entitled to vote at the meeting
2 may vote at the meeting.

3 (e) If the right to vote at any meeting is challenged, the person presiding at the meeting,
4 shall rely on the list to determine the right of the challenged person to vote.

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

6 (a) ~~Subchapter~~ Definitions. In this ~~subchapter~~ 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
12 unless 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:

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

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

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

27 (e) Dismissal.

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

32 (2) Unless a panel is appointed pursuant to ~~paragraph (vi)~~ subsection (e)(6), the
33 determination in ~~paragraph (i)~~ subsection (e)(1) must be made by:

34 (i) A majority vote of independent directors present at a meeting of the board of directors

1 if the independent directors constitute a quorum; or

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

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

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

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

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

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

18 (5) If a majority of the board of directors does not consist of independent directors at the
19 time the determination is made, the corporation has the burden of proving that the requirements of
20 ~~paragraph (i)~~ subsection (e)(1) have been met. If a majority of the board of directors consists of
21 independent directors at the time the determination is made, the plaintiff has the burden of
22 proving that the requirements of ~~paragraph (i)~~ subsection (e)(1) have not been met.

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

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

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

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

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

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

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

14 **7-1.2-1405. Application for certificate of authority.**

15 In order to procure a certificate of authority to transact business in this state, a foreign
16 corporation must make application for the certificate of authority to the secretary of state, which
17 application includes:

18 (a) The name of the corporation and the state or country under the laws of which it is
19 incorporated.

20 (b) The name which the corporation elects to use in this state in accordance with § 7-1.2-
21 1403.

22 (c) The date of incorporation and the period of duration of the corporation.

23 (d) The street address of the principal office of the corporation.

24 (e) The name and address of its proposed registered agent in this state.

25 (f) The purpose or purposes of the corporation which it proposes to pursue in the
26 transaction of business in this state.

27 (g) The names and respective addresses of the directors of the corporation if the state or
28 country under the laws of which it was incorporated requires that it have directors and if ~~it does~~
29 ~~and need~~ not, ~~then~~ the names and respective addresses of its principal officers.

30 (h) A statement of the aggregate number of shares which the corporation has authority to
31 issue, itemized by classes, par value of shares, shares without par value, and series, if any, within
32 a class.

33 (i) An estimate, expressed as a percentage, of the proportion that the estimated value of
34 the property of the corporation to be located within this state during the following year bears to

1 the value of all property of the corporation to be owned during the following year, wherever
2 located, and an estimate, expressed as a percentage, of the proportion that the gross amount of
3 business to be transacted by the corporation at or from places of business in this state during the
4 following year bears to the gross amount which will be transacted by the corporation during the
5 following year.

6 SECTION 3. Section 7-5.1-2 of the General Laws in Chapter 7-5.1 entitled "Professional
7 Service Corporations" is hereby amended to read as follows:

8 **7-5.1-2. Definitions.**

9 As used in this chapter:

10 (1) "Professional services" means the rendering of personal services by a person
11 authorized to practice as one of the following professions as defined:

12 (i) Physicians;

13 (ii) Dentists;

14 (iii) Attorneys at law;

15 (iv) [Deleted by P.L. 2000, ch. 328, § 1, and by P.L. 2000, ch. 513, § 1.]

16 (v) Professional engineers;

17 (vi) Architects;

18 (vii) Certified public accountants and licensed public accountants;

19 (viii) Veterinarians;

20 (ix) Chiropractors;

21 (x) Podiatrists;

22 (xi) Registered nurses;

23 (xii) Optometrists;

24 (xiii) Physical therapists;

25 (xiv) Landscape architects;

26 (xv) Land surveyors;

27 (xvi) Opticians;

28 (xvii) Physician assistants;

29 (xviii) Psychologists; or

30 (xix) Midwives or nurse-midwives.

31 (2) "Regulatory agency" means:

32 (i) The professional licensing board contained within the department of health, as set
33 forth in title 5 ~~of the general laws~~ when referring to physicians, dentists, chiropractors,
34 podiatrists, registered nurses, optometrists, physical therapists, opticians, physician assistants, or

1 midwives or nurse-midwives;

2 (ii) The Supreme Court when referring to attorneys at law;

3 (iii) The ~~board~~ boards of registration of professional engineers and land surveyors when
4 referring to professional engineers ~~and~~/or land surveyors;

5 (iv) The board of examination and registration of architects when referring to architects;

6 (v) The board of accountancy when referring to certified public accountants, and licensed
7 public accountants;

8 (vi) The board of veterinarians when referring to veterinarians;

9 (vii) The board of examiners of landscape architects when referring to landscape
10 architects;

11 (viii) The board of psychology when referring to psychologists.

12 (3) "Authorized to practice" means duly licensed, certified, or registered by the proper
13 regulatory agency.

14 SECTION 4. Sections 7-5.2-3 and 7-5.2-5 of the General Laws in Chapter 7-5.2 entitled
15 "Business Combination Act" are hereby amended to read as follows:

16 **7-5.2-3. Definitions.**

17 As used in this ~~section~~ chapter, unless the context requires otherwise, the term:

18 (1) "Affiliate" means a person ~~that~~ who directly, or indirectly through one or more
19 intermediaries, controls, or is controlled by, or is under common control with, a specified person.

20 (2) "Announcement date", when used in reference to any business combination, means
21 the date of the first public announcement of the final, definitive proposal for the business
22 combination.

23 (3) "Associate", when used to indicate a relationship with any person, means:

24 (i) Any corporation or organization of which the person is a director, officer, or partner or
25 is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of voting
26 stock,

27 (ii) Any trust or other estate in which the person has a substantial beneficial interest or as
28 to which the person serves as trustee or in a similar fiduciary capacity, and

29 (iii) Any relative or spouse of the person, or any relative of the spouse, who has the same
30 residence as the person.

31 (4) "Beneficial owner", when used with respect to any stock means a person ~~that~~ who:

32 (i) Individually, or with or through any of ~~its~~ the person's affiliates or associates,
33 beneficially owns the stock, directly or indirectly; or

34 (ii) Individually, or with or through any of ~~its~~ the person's affiliates or associates, has:

1 (A) The right to acquire the stock, whether the right is exercisable immediately or only
2 after the passage of time, pursuant to any agreement, arrangement, or understanding, whether or
3 not in writing, or upon the exercise of conversion rights, exchange rights, warrants, or options, or
4 otherwise; provided, however, that a person is not deemed the beneficial owner of stock tendered
5 pursuant to a tender or exchange offer made by the person's affiliates or associates until the
6 tendered stock is accepted for purchase or exchange; or

7 (B) The right to vote the stock pursuant to any agreement, arrangement, or understanding,
8 whether or not in writing; provided, however, that a person is not deemed the beneficial owner of
9 any stock under this item if the agreement, arrangement, or understanding to vote the stock arises
10 solely from a revocable proxy or consent given in response to a proxy or consent solicitation
11 made in accordance with the applicable rules and regulations under the Exchange Act, 15 U.S.C.
12 § 78a et seq., and is not then reportable on a Schedule 13D under the Exchange Act, or any
13 comparable or successor report; or

14 (C) Any agreement, arrangement, or understanding, whether or not in writing for the
15 purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as
16 described in ~~item (B) of clause (ii) of this subparagraph~~ (4)(ii)(B) of this section, or disposing
17 of the stock with any other person ~~that~~ who beneficially owns, or whose affiliate or associates
18 beneficially own, directly or indirectly, the stock.

19 (5) "Business combination", when used in reference to any resident domestic corporation
20 and any interested shareholder of the resident domestic corporation, means:

21 (i) Any merger or consolidation of the resident domestic corporation or any subsidiary of
22 the resident domestic corporation with:

23 (A) The interested shareholder; ~~;~~ or

24 (B) Any other corporation, whether or not itself an interested shareholder of the resident
25 domestic corporation, ~~which~~ that is, or after the merger or consolidation would be, an affiliate or
26 associate of the interested shareholder;

27 (ii) Any sale, lease, exchange, mortgage, pledge, transfer, or other disposition, in one
28 transaction or a series of transactions, except proportionately as a stockholder of the corporation,
29 to or with the interested shareholder or any affiliate or associate of the interested shareholder,
30 whether as a part of a dissolution or otherwise, of assets of the resident domestic corporation or
31 any subsidiary of the resident domestic corporation:

32 (A) Having an aggregate market value equal to ten percent (10%) or more of the
33 aggregate market value of all the assets, determined on a consolidated basis, of the resident
34 domestic corporation,

1 (B) Having an aggregate market value equal to ten percent (10%) or more of the
2 aggregate market value of all the outstanding stock of the resident domestic corporation, or

3 (C) Representing ten percent (10%) or more of the earning power or net income,
4 determined on a consolidated basis, of the resident domestic corporation;

5 (iii) (A) Any transaction ~~which~~ that results in the issuance or transfer by the resident
6 domestic corporation or by any subsidiary of the resident domestic corporation of any stock of the
7 resident domestic corporation or of the subsidiary to the interested shareholder, except:

8 (I) Pursuant to the exercise, exchange, or conversion of securities exercisable for,
9 exchangeable for, or convertible into stock of the resident domestic corporation or any subsidiary
10 which securities were outstanding prior to the time that the interested shareholder became such,

11 (II) Pursuant to a dividend or distribution paid or made, or the exercise, exchange, or
12 conversion of securities exercisable for, exchangeable for, or convertible into stock of the resident
13 domestic corporation or any subsidiary which security is distributed, pro rata to all holders of a
14 class or series of stock of the resident domestic corporation subsequent to the time the interested
15 shareholder became such,

16 (III) Pursuant to an exchange offer by the resident domestic corporation to purchase stock
17 made on the same terms to all holders of the stock, or

18 (IV) Any issuance or transfer of stock by the resident domestic corporation;

19 (B) Provided, however, that in no case under subdivisions (5)(iii)(A)(I) -- (IV) shall there
20 be an increase in the interested shareholder's proportionate share of the stock of any class or
21 series of the resident domestic corporation or of the voting stock of the resident domestic
22 corporation;

23 (iv) The adoption of any plan or proposal for the liquidation or dissolution of the resident
24 domestic corporation proposed by, or pursuant to any agreement, arrangement, or understanding,
25 whether or not in writing with the interested shareholder or any affiliate or associate of the
26 interested shareholder;

27 (v) Any reclassification of securities, including, without limitation, any stock split, stock
28 dividend, or other distribution of stock in respect to stock, any reverse stock split, or
29 recapitalization of the resident domestic corporation, any merger or consolidation of the resident
30 domestic corporation with any subsidiary of the resident domestic corporation, or any other
31 transaction, whether or not with or into or otherwise involving the interested shareholder,
32 proposed by, or pursuant to any agreement, arrangement, or understanding, whether or not in
33 writing, with the interested shareholder or any affiliate or associate of the interested shareholder,
34 which has the effect, directly or indirectly, of increasing the proportionate share of the

1 outstanding shares of any class or series of voting stock or securities convertible into voting stock
2 of the resident domestic corporation or any subsidiary of the resident domestic corporation which
3 is directly or indirectly owned by the interested shareholder or any affiliate or associate of the
4 interested shareholder, except as a result of immaterial changes due to fractional share
5 adjustments; or

6 (vi) Any receipt by the interested shareholder or any affiliate or associate of the interested
7 shareholder of the benefit, directly or indirectly, except proportionately as a shareholder of the
8 resident domestic corporation, of any loans, advances, guarantees, pledges, or other financial
9 assistance, benefits, any tax credits, or other tax advantages provided by or through the resident
10 domestic corporation, except as expressly permitted in subdivisions (5)(i) through (5)(vi).

11 (6) "Common stock" means any stock other than preferred stock.

12 (7) "Consummation date", with respect to any business combination, means the date of
13 consummation of the business combination, or, in the case of a business combination as to which
14 a shareholder vote is taken, the later of the business day prior to the vote or twenty (20) days prior
15 to the date of consummation of the business combination.

16 (8) "Control", including the terms "controlling", "controlled by", and "under common
17 control with", means the possession, directly or indirectly, or the power to direct or cause the
18 direction of the management and policies of a person, whether through the ownership of voting
19 stock, by contract, or otherwise. A person's beneficial ownership of ten percent (10%) or more of
20 a corporation's outstanding voting stock creates a presumption that the person has control of the
21 corporation. Notwithstanding what was previously stated, above, a person is not deemed to have
22 control of a corporation if the person holds voting stock, in good faith and not for the purpose of
23 circumventing this [section chapter](#), as an agent, bank, broker, nominee, custodian, or trustee for
24 one or more beneficial owners who do not individually or as a group have control of the
25 corporation.

26 (9) "Exchange Act" means the Act of Congress known as the Securities Exchange Act of
27 1934, 15 U.S.C. § 78a et seq., as it has been, and may subsequently be, amended.

28 (10) "Interested shareholder", when used in reference to any resident domestic
29 corporation, means any person, other than the resident domestic corporation or any subsidiary of
30 the resident domestic corporation or any employee benefit plan maintained by [the](#) resident
31 domestic corporation, that:

32 (i) (A) Is the beneficial owner, directly or indirectly, of ten percent (10%) or more of the
33 outstanding voting stock of the resident domestic corporation; or

34 (B) Is an affiliate or associate of the resident domestic corporation and at any time within

1 a five (5) year period immediately prior to the date in question was the beneficial owner, directly
2 or indirectly, of ten percent (10%) or more of the then outstanding voting stock of the resident
3 domestic corporation.

4 (ii) The term "interested shareholder" does not include:

5 (A) Any person who:

6 (I) Owned shares in excess of the ten percent (10%) limitation stated in these provisions
7 as of, or acquired the shares pursuant to a tender offer commenced prior to, July 3, 1990 or
8 pursuant to an exchange offer announced prior to that date and commenced within ninety (90)
9 days subsequently and continued to own shares in excess of the percent limitation or would have
10 but for action taken by the resident domestic corporation, or

11 (II) Acquired the shares from a person described in ~~(H)~~ [subsection 10\(ii\)\(A\)\(I\)](#) by gift,
12 inheritance, or in a transaction in which no consideration was exchanged; or

13 (B) Any person whose ownership of shares in excess of the ten percent (10%) limitation
14 stated above is the result of action taken solely by the resident domestic corporation. However, the
15 person becomes an interested shareholder if he or she subsequently acquires additional shares of
16 voting stock of the resident domestic corporation, except as a result of further corporate action not
17 caused, directly or indirectly, by the person.

18 (iii) For the purpose of determining whether a person is an interested shareholder, the
19 number of shares of voting stock of the resident domestic corporation deemed outstanding
20 includes shares deemed beneficially owned by the person through application of ~~subdivision~~
21 [subsection \(4\)](#) of this section but does not include any other unissued shares of voting stock of
22 the resident domestic corporation ~~which~~ [that](#) are issuable pursuant to any agreement,
23 arrangement or understanding, or upon exercise of conversion rights, warrants, or options, or
24 otherwise.

25 (11) "Market value", when used in reference to stock or property of any resident domestic
26 corporation, means:

27 (i) In the case of stock, the highest closing sale price during the thirty-~~(30)~~ day [\(30\)](#) period
28 immediately preceding the date in question of a share of stock on the composite tape for stocks
29 listed on the New York ~~stock-exchange~~ [Stock Exchange](#), or, if the stock is not quoted on the
30 composite tape or if the stock is not listed on the exchange, on the principal United States
31 securities exchange registered under the exchange act on which the stock is listed, or, if the stock
32 is not listed on any exchange, the highest closing bid quotation with respect to a share of the stock
33 during the thirty-~~(30)~~ day [\(30\)](#) period preceding the date in question on the national association
34 of securities dealers, inc. automated quotations system or any system then in use, or if no

1 quotations are available, the fair market value on the date in question of a share of the stock as
2 determined in good faith by the board of directors of the resident domestic corporation; and

3 (ii) In the case of property other than cash or stock, the fair market value of the property
4 on the date in question as determined in good faith by the board of directors of the resident
5 domestic corporation.

6 (12) "Preferred stock" means any class or series of stock of a resident domestic
7 corporation that under ~~which~~ the bylaws or articles of incorporation of the resident domestic
8 corporation is entitled to receive payment of dividends prior to any payment of dividends on
9 some other class or series of stock, or is entitled in the event of any voluntary liquidation,
10 dissolution, or winding up of the resident domestic corporation to receive payment or distribution
11 of a preferential amount before any payments or distributions are received by some other class or
12 series of stock.

13 (13) "Resident domestic corporation" means an issuer of voting stock ~~which~~ that:

14 (i) Is organized under the laws of this state; and

15 (ii) Either (A) has its principal executive offices and significant business operations
16 located in this state; or (B) has, alone or in combination with one or more of its subsidiaries, at
17 least two hundred fifty (250) employees or twenty-five percent (25%) of the total number of all
18 employees of itself and the subsidiaries employed primarily within the state; and

19 (iii) Has at least five percent (5%) of its voting stock owned beneficially by residents of
20 this state or at least five percent (5%) of its shareholders are residents of this state. For purposes
21 of this section, the residence of a partnership, unincorporated association, trust, or similar
22 organization is the principal office of the organization.

23 ~~(D)~~ (iv) No resident domestic corporation, ~~which~~ that is organized under the laws of this
24 state, ceases to be a resident domestic corporation by reason of events occurring or actions taken
25 while the resident domestic corporation is subject to the provisions of this section.

26 (14) "Stock" means:

27 (i) Any stock or similar security, any certificate of interest, any participation in any profit
28 sharing agreement, any voting trust certificate, or any certificate of deposit for stock; and

29 (ii) Any security convertible, with or without consideration, into stock, or any warrant,
30 call, or other option or privilege of buying stock without being bound to do so, or any other
31 security carrying any right to acquire, subscribe to, or purchase stock.

32 (15) "Stock acquisition date", with respect to any person and any resident domestic
33 corporation, means the date that the person first becomes an interested shareholder of the resident
34 domestic corporation.

1 (16) "Subsidiary" of any person means any other corporation of which a majority of the
2 voting stock is owned, directly or indirectly, by the person.

3 (17) "Voting stock" means shares of capital stock of a corporation entitled to vote
4 generally in the election of directors.

5 **7-5.2-5. Exemptions.**

6 The provisions of this chapter do not apply:

7 (1) To any business combination of a resident domestic corporation that does not have a
8 class of voting stock registered with the securities and exchange commission pursuant to § 12 of
9 the Exchange Act, 15 U.S.C. § ~~781~~ 78L, unless the articles of incorporation provide otherwise;

10 (2) To any business combination of a resident domestic corporation whose articles of
11 incorporation have been amended to provide that the resident domestic corporation is subject to
12 the provisions of this chapter, which did not have a class of voting stock registered with the
13 securities and exchange commission pursuant to § 12 of the Exchange Act, 15 U.S.C. § ~~781~~ 78L,
14 on the effective date of the amendment, and which is a business combination with an interested
15 shareholder whose stock acquisition date is prior to the effective date of the amendment;

16 (3) To any business combination of a resident domestic corporation:

17 (i) The original articles of incorporation of which contain a provision expressly electing
18 not to be governed by this chapter,

19 (ii) ~~Which~~ That adopts an amendment to the resident domestic corporation's bylaws
20 prior to March 31, 1991, expressly electing not to be governed by this chapter, or

21 (iii) ~~Which~~ That adopts an amendment to the resident domestic corporation's articles of
22 incorporation, approved by the affirmative vote of the holders, other than interested shareholders
23 and their affiliates and associates, of two-thirds (2/3) of the outstanding voting stock of the
24 resident domestic corporations, excluding the voting stock of interested shareholders and their
25 affiliates and associates, expressly electing not to be governed by this chapter, provided that the
26 amendment to the articles of incorporation is not effective until twelve (12) months after the vote
27 of the resident domestic corporation's shareholders and does not apply to any business
28 combination of the resident domestic corporation with an interested shareholder whose stock
29 acquisition date is on or prior to the effective date of the amendment; or

30 (4) To any business combination of a resident domestic corporation with an interested
31 shareholder of the resident domestic corporation which became an interested shareholder
32 inadvertently, if the interested shareholder:

33 (i) As soon as practicable, divests itself of a sufficient amount of the voting stock of the
34 resident domestic corporation that it no longer is the beneficial owner, directly or indirectly, of

1 ten percent (10%) or more of the outstanding voting stock of the resident domestic corporation,
2 and

3 (ii) Would not at any time within the five- ~~(5)~~ year (5) period preceding the
4 announcement date with respect to the business combination have been an interested shareholder
5 but for the inadvertent acquisition.

6 SECTION 5. Sections 7-5.3-1 and 7-5.3-2 of the General Laws in Chapter 7-5.3 entitled
7 "Benefit Corporations" are hereby amended to read as follows:

8 **7-5.3-1. Application and effect of chapter.**

9 (a) This chapter shall be applicable to all benefit corporations.

10 (b) The existence of a provision of this chapter shall not of itself create an implication
11 that a contrary or different rule of law is applicable to a corporation that is not a benefit
12 corporation. This chapter shall not affect a statute or rule of law that is applicable to a corporation
13 that is not a benefit corporation.

14 (c) Except as otherwise provided in this chapter, all provisions of the general corporation
15 law, including the Rhode Island Business Corporation Act, chapter 1.2 of this title, applicable to
16 domestic business corporations are applicable to corporations organized under this chapter. A
17 benefit corporation may be subject simultaneously to this chapter and ~~chapters~~ chapter 5.1 of
18 this title. The provisions of this chapter shall control over the provisions of any other chapter ~~to~~ of
19 this title to which a benefit corporation is subject.

20 (d) A provision of the articles of incorporation or bylaws of a benefit corporation may not
21 limit, be inconsistent with, or supersede a provision of this chapter.

22 **7-5.3-2. Definitions.**

23 As used in this chapter:

24 (1) "Benefit corporation" means a corporation for profit with purposes set forth in § 7-
25 5.3-6 that is subject to this chapter.

26 (2) "Benefit director" means either:

27 (i) The director designated as the benefit director of a benefit corporation under § 7-5.3-8;

28 or

29 (ii) A person with one or more of the powers, duties, or rights of a benefit director to the
30 extent provided in the ~~bylaws~~ articles of incorporation under subsection 7-5.3-8(f).

31 (3) "Benefit enforcement proceeding" means any claim or action or proceeding for:

32 (i) Failure of a benefit corporation to pursue or create general public benefit or a specific
33 public benefit purpose set forth in its articles; or

34 (ii) Violation of any obligation, duty, or standard of conduct under this chapter.

1 (4) "Benefit officer" means the individual, if any, designated as the benefit officer of a
2 benefit corporation under § 7-5.3-10.

3 (5) "General public benefit" means a material positive impact on society and the
4 environment, taken as a whole, assessed against a third-party standard, from the business and
5 operations of a benefit corporation.

6 (6) "Independent" means having no material relationship with a benefit corporation or a
7 subsidiary of the benefit corporation. Serving as benefit director or benefit officer does not make
8 an individual not independent. A material relationship between an individual and a benefit
9 corporation or any of its subsidiaries will be conclusively presumed to exist if any of the
10 following apply:

11 (i) The individual is, or has been within the last three (3) years, an employee other than a
12 benefit officer of the benefit corporation or a subsidiary.

13 (ii) An immediate family member of the individual is, or has been within the last three (3)
14 years, an executive officer other than a benefit officer of the benefit corporation or a subsidiary.

15 (iii) There is beneficial or record ownership of five percent (5%) or more of the
16 outstanding shares of the benefit corporation, calculated as if all outstanding rights to acquire
17 equity interests in the benefit corporation had been exercised, by:

18 (A) The individual; or

19 (B) An entity:

20 (I) Of which the individual is a director, an officer, or a manager; or

21 (II) In which the individual owns beneficially or of record five percent (5%) or more of
22 the outstanding equity interests, calculated as if all outstanding rights to acquire equity interests in
23 the entity had been exercised.

24 (7) "Minimum status vote" means:

25 (i) In the case of a corporation, in addition to any other required approval or vote, the
26 satisfaction of the following conditions:

27 (A) The shareholders of every class or series shall be entitled to vote as a class on the
28 corporate action regardless of a limitation stated in the articles of incorporation or bylaws on the
29 voting rights of any class or series.

30 (B) The corporate action must be approved by vote of the shareholders of each class or
31 series entitled to cast at least two-thirds (2/3) of the votes that all shareholders of the class or
32 series are entitled to cast on the action.

33 (ii) In the case of a domestic entity other than a corporation, in addition to any other
34 required approval, vote, or consent, the satisfaction of the following conditions:

1 (A) The holders of every class or series of equity interest in the entity that are entitled to
2 receive a distribution of any kind from the entity shall be entitled to vote on or consent to the
3 action regardless of any otherwise applicable limitation on the voting or consent rights of any
4 class or series.

5 (B) The action must be approved by vote or consent of the holders described in
6 **subparagraph subsection (A) (7)(ii)(A)** entitled to cast at least two-thirds (2/3) of the votes or
7 consents that all of those holders are entitled to cast on the action.

8 (8) "Publicly traded corporation" means a corporation that has shares listed on a national
9 securities exchange or traded in a market maintained by one or more members of a national
10 securities association.

11 (9) "Specific public benefit" includes:

12 (i) Providing low-income or underserved individuals or communities with beneficial
13 products or services;

14 (ii) Promoting economic opportunity for individuals or communities beyond the creation
15 of jobs in the normal course of business;

16 (iii) Protecting or restoring the environment;

17 (iv) Improving human health;

18 (v) Promoting the arts, sciences, or advancement of knowledge;

19 (vi) Increasing the flow of capital to entities with a purpose to benefit society or the
20 environment; and

21 (vii) Conferring any other particular benefit on society or the environment.

22 (10) "Subsidiary" means, in relation to a person, an entity in which the person owns
23 beneficially or of record fifty percent (50%) or more of the outstanding equity interests,
24 calculated as if all outstanding rights to acquire equity interests in the entity had been exercised.

25 (11) "Third-party standard" means a recognized standard for defining, reporting, and
26 assessing corporate social and environmental performance that is:

27 (i) Comprehensive because it assesses the effect of the business and its operations upon
28 the interests listed in **paragraphs §§ 7-5.3-7(a)(1)(ii), (iii), (iv) and (v)**.

29 (ii) Developed by an entity that is not controlled by the benefit corporation.

30 (iii) Credible because it is developed by an entity that both:

31 (A) Has access to necessary expertise to assess overall corporate social and
32 environmental performance; and

33 (B) Uses a balanced multi-stakeholder approach to develop the standard, including a
34 reasonable public comment period.

1 (iv) Transparent because the following information is publicly available:

2 (A) About the standard:

3 (I) The criteria considered when measuring the overall social and environmental
4 performance of a business.

5 (II) The relative weightings, if any, of those criteria.

6 (B) About the development and revision of the standard:

7 (I) The identity of the directors, officers, material owners, and the governing body of the
8 entity that developed and controls revisions to the standard.

9 (II) The process by which revisions to the standard and changes to the membership of the
10 governing body are made.

11 (III) An accounting of the revenue and sources of financial support for the entity, with
12 sufficient detail to disclose any relationships that could reasonably be considered to present a
13 potential conflict of interest.

14 SECTION 6. Sections 7-6-34, 7-6-41.1, 7-6-42, 7-6-57, 7-6-58, 7-6-60, 7-6-72, 7-6-77
15 and 7-6-107 of the General Laws in Chapter 7-6 entitled "Rhode Island Nonprofit Corporation
16 Act" are hereby amended to read as follows:

17 **7-6-34. Articles of incorporation.**

18 (a) The articles of incorporation shall set forth:

19 (1) The name of the corporation.

20 (2) The period of duration, which may be perpetual.

21 (3) The purpose or purposes for which the corporation is organized.

22 (4) (i) Any provisions, not inconsistent with the law, ~~which~~ that the incorporators elect to
23 set forth in the articles of incorporation for the regulation of the internal affairs of the corporation,
24 including a provision eliminating or limiting the personal liability of a director to the corporation
25 or to its members for monetary damages for breach of the director's duty as a director. However,
26 the provision does not eliminate or limit the liability of a director:

27 (A) For any breach of the director's duty ~~or~~ of loyalty to the corporation or its members;

28 (B) For acts or omissions not in good faith or ~~which~~ that involve intentional misconduct
29 or a knowing violation of law; or

30 (C) For any transaction from which the director derived an improper personal benefit, and
31 also including any provision ~~which~~ that under this chapter is required or permitted to be set forth
32 in the bylaws.

33 (ii) No provision eliminating or limiting the personal liability of a director will be
34 effective with respect to causes of action arising prior to the inclusion of the provision in the

1 articles of incorporation of the corporation.

2 (5) The address of its initial registered office, and the name of its initial registered agent
3 at the address.

4 (6) The number of directors constituting the initial board of directors, and the names and
5 addresses of the persons who are to serve as the initial directors.

6 (7) The name and residence or business address of each incorporator.

7 (b) It is not necessary to set forth in the articles of incorporation any of the corporate
8 powers enumerated in this chapter.

9 (c) Unless the articles of incorporation provide that a change in the number of directors
10 **shall** be made only by amendment to the articles of incorporation, a change in the number of
11 directors made by amendment to the bylaws is controlling. In all other cases, whenever a
12 provision of the articles of incorporation is inconsistent with a bylaw, the provision of the articles
13 of incorporation is controlling.

14 **7-6-41.1. Certificate of correction.**

15 (a) Whenever any instrument authorized to be filed with the secretary of state under any
16 provision of this chapter, has been so filed and is an inaccurate record of the corporate action
17 therein referred to, or was defectively or erroneously executed, sealed, or acknowledged, the
18 instrument may be corrected by filing with the secretary of state a certificate of correction, which
19 must be executed, acknowledged, and filed in accordance with this section.

20 (b) The corrected instrument must be specifically designated as such in its heading,
21 specify the inaccuracy or defect to be corrected, and set forth the entire instrument in corrected
22 form.

23 (c) The certificate of correction shall be executed by the corporation, by its president or
24 vice president, and by its secretary or an assistant secretary and shall set forth:

25 (1) The name of the corporation.

26 (2) The inaccuracy or defect to be corrected and set forth the portion of the instrument in
27 corrected form.

28 (3) If there are members entitled to vote on the correction:

29 (i) A statement setting forth the date of the meeting of members at which the correction
30 was adopted, that a quorum was present at the meeting, and that the correction received at least a
31 majority of the votes which members present at the meeting or represented by proxy were entitled
32 to cast; or

33 (ii) A statement that the correction was adopted by a consent in writing signed by all
34 members entitled to vote on it.

1 (4) If there are no members, or no members entitled to vote on the correction, a statement
2 of the fact, the date of the meeting of the board of directors at which the correction was adopted,
3 and a statement of the fact that the correction received the vote of a majority of the directors in
4 office.

5 (5) ~~Attach the~~ The entire instrument in corrected form attached.

6 (d) An instrument corrected in accordance with this section is effective as of the date the
7 original instrument was filed, except as to those individuals who are substantially and adversely
8 affected by the correction and as to those individuals the instrument as corrected is effective from
9 its filing date.

10 **7-6-42. Restated articles of incorporation.**

11 (a) A domestic corporation may at any time restate its articles of incorporation as
12 previously amended by filing with the secretary of state restated articles of incorporation. The
13 restated articles of incorporation may include one or more amendments to the articles of
14 incorporation adopted in accordance with the provisions of § 7-6-39. The corporation may restate
15 articles of incorporation in the following manner:

16 (1) If there are members entitled to vote on the restated articles, the board of directors
17 shall adopt a resolution setting forth the proposed restated articles of incorporation and directing
18 that they be submitted to a vote at a meeting of members entitled to vote on them, which may be
19 either an annual or a special meeting.

20 (2) Written notice setting forth the proposed restated articles or a summary of their
21 provisions shall be given to each member entitled to vote on them, within the time and in the
22 manner provided in this chapter for the giving of notice of meetings of members. If the meeting is
23 an annual meeting, the proposed restated articles or a summary of their provisions may be
24 included in the notice of the annual meeting.

25 (3) At the meeting, a vote of the members entitled to vote on the restated articles shall be
26 taken on them, which shall be adopted upon receiving the affirmative vote of a majority of the
27 members entitled to vote on them present at the meeting or represented by proxy.

28 (4) If there are no members, or no members entitled to vote on them, the proposed
29 restated articles shall be adopted at a meeting of the board of directors upon receiving the
30 affirmative vote of a majority of the directors in office.

31 (b) Upon approval, restated articles of incorporation shall be executed by the corporation
32 by its president or vice president and by its secretary or assistant secretary and shall set forth:

33 (1) The name of the corporation.

34 (2) The period of its duration.

1 (3) The purpose or purposes ~~which~~ that the corporation is authorized to pursue.

2 (4) Any other provisions, not inconsistent with law, ~~which~~ that are then set forth in the
3 articles of incorporation as previously amended, except that it is not necessary to set forth in the
4 restated articles of incorporation the registered office of the corporation, its registered agent, its
5 directors, or its incorporators.

6 (c) The restated articles of incorporation shall state that they correctly set forth the
7 provisions of the articles of incorporation as previously amended, that they have been duly
8 adopted as required by law, and the additional amendments to the articles of incorporation, if any,
9 together with a statement that such additional amendments were adopted in accordance with the
10 provisions of § 7-6-39, and a further statement that, except for the designated amendments, if any,
11 the restated articles of incorporation correctly set forth without change the corresponding
12 provisions of the articles of incorporation as previously amended, and that the restated articles of
13 incorporation, together with the designated amendments, if any, supersede the original articles of
14 incorporation and all previous amendments to the articles of incorporation.

15 (d) The restated articles of incorporation shall be delivered to the secretary of state. If the
16 secretary of state finds that the restated articles conform to law, the secretary of state shall, when
17 all fees have been paid as in this chapter prescribed:

18 (1) Endorse on the original the word "Filed," and the month, day, and year of the filing.

19 (2) File of the original in the secretary of state's office.

20 (3) Issue a restated certificate of incorporation.

21 (e) The restated certificate of incorporation shall be delivered to the corporation or its
22 representative.

23 (f) Upon the issuance of the restated certificate of incorporation by the secretary of state,
24 the restated articles of incorporation become effective and supersede the original articles of
25 incorporation and all amendments to them.

26 **7-6-57. Issuance of certificate of revocation.**

27 (a) Upon revoking any certificate of incorporation, the secretary of state shall:

28 (1) Issue a certificate of revocation in duplicate;

29 (2) File one of the certificates in the secretary of state's office;

30 (3) Send to the corporation by regular mail a certificate of revocation, addressed to the
31 registered office of the corporation in this state on file with the secretary of state's office;
32 provided, however, that if a prior mailing addressed to the registered office of the corporation in
33 this state currently on file with the secretary of state's office has been returned to the secretary of
34 state as undeliverable by the United States Postal Service for any reason, or if the certificate of

1 revocation is returned as undeliverable to the secretary of state's office by the United States Postal
2 Service for any reason, ~~or if~~ the secretary of state shall give notice as follows:

3 (i) To the corporation at its principal office of record as shown in its most recent annual
4 report, and no further notice shall be required; or

5 (ii) In the case of a domestic corporation ~~which~~ that has not yet filed an annual report,
6 then to any one of the incorporators listed on the articles of incorporation, and no further notice
7 shall be required.

8 (b) Upon the issuance of the certificate of revocation, the authority of the corporation to
9 transact business in this state ceases.

10 **7-6-58. Withdrawal of certificate of revocation.**

11 (a) Within ten (10) years after issuing a certificate of revocation as provided in § 7-6-57,
12 the secretary of state may withdraw the certificate of revocation and reinstate the corporation in
13 good standing:

14 (1) Upon filing by the corporation of the documents it had previously failed to file as set
15 forth in ~~subsections (a)(3) -- (a)(6) of~~ § 7-6-56(a)(3) – (a)(6); and

16 (2) Upon the payment by the corporation of a penalty in the amount of twenty-five
17 dollars (\$25.00) for each year or part of a year that has elapsed since the issuance of the
18 certificate of revocation.

19 (b) If as permitted by § 7-6-11(b)(2) another corporation, whether business or nonprofit,
20 or domestic or foreign qualified to transact business in this state, bears or has filed a fictitious
21 business name statement with respect to or reserved or registered in a name ~~which~~ that is the
22 same as, the name of a corporation regarding which the certificate of revocation is proposed to be
23 withdrawn, the secretary of state shall condition the withdrawal of the certificate of revocation
24 upon the reinstated corporation's amending its articles of incorporation so as to designate a name
25 ~~which~~ that is distinguishable upon the records of the secretary of state from its former name.

26 (c) Upon the withdrawal of the certificate of revocation and reinstatement of the
27 corporation in good standing as provided in subsection (a), title to any real estate, or any interest
28 in real estate, held by the corporation at the time of the issuance of the certificate of revocation
29 and not conveyed subsequent to the revocation of its certificate of incorporation shall be deemed
30 to be re-vested in the corporation without further act or deed.

31 **7-6-60. Jurisdiction of court to liquidate assets and affairs of the corporation.**

32 (a) The superior court has full power to liquidate the assets and affairs of a corporation:

33 (1) In an action by a member or director when it is made to appear:

34 (i) That the directors are deadlocked in the management of the corporate affairs and that

1 irreparable injury to the corporation is being suffered or is threatened because of the deadlock,
2 and either that the members are unable to break the deadlock or there are no members having
3 voting rights; ~~or~~

4 (ii) That the acts of the directors or those in control of the corporation are illegal,
5 oppressive, or fraudulent; ~~or~~

6 (iii) That the members entitled to vote in the election of directors are deadlocked in
7 voting power and have failed for at least two (2) years to elect successors to directors whose
8 terms have expired or would have expired upon the election of their successors;

9 (iv) That the corporate assets are being misapplied or wasted; or

10 (v) That the corporation is unable to carry out its purposes.

11 (2) In an action by a creditor:

12 (i) When the claim of the creditor has been reduced to judgment and an execution on it
13 has been returned unsatisfied and it is established that the corporation is insolvent; or

14 (ii) When the corporation has admitted in writing that the claim of the creditor is due and
15 owing and it is established that the corporation is insolvent.

16 (3) Upon application by a corporation to have its dissolution continued under the
17 supervision of the court.

18 (4) When the corporation's certificate of incorporation is subject to revocation by the
19 secretary of state and it is established that liquidation of its affairs should precede the issuance of
20 a certificate of revocation.

21 (b) Proceedings under this section shall be brought in the county in which the registered
22 office or the principal office of the corporation is situated.

23 (c) It is not necessary to make directors or members parties to any action or proceedings
24 unless relief is sought against them personally.

25 **7-6-72. Corporate name of foreign corporation.**

26 No certificate of authority shall be issued to a foreign corporation unless the corporate
27 name of the corporation:

28 (1) Does not contain any word or phrase ~~which~~ that indicates or implies that it is
29 organized for any purpose other than one or more of the purposes contained in its articles of
30 incorporation.

31 (2) Is distinguishable upon the records of the secretary of state from the name of any
32 corporation, whether for-profit or not-for-profit, domestic or foreign, limited partnership, or
33 domestic or foreign, limited-liability company organized under the laws of, or registered or
34 qualified or authorized to transact business or conduct affairs in this state, or ~~any name, or which~~

1 [that](#) is filed, reserved, or registered under this title.

2 (3) Is translated into letters of the English alphabet, if it is not in English.

3 (4) Words and/or abbreviations that are required by statute to identify the particular type
4 of business entity shall be disregarded when determining if a name is distinguishable upon the
5 records of the secretary of state.

6 (5) The secretary of state shall promulgate rules and regulations defining the term
7 "distinguishable upon the record" for the administration of this chapter.

8 **7-6-77. Registered office and registered agent of foreign corporation.**

9 Each foreign corporation authorized to conduct affairs in this state shall have and
10 continuously maintain in this state:

11 (1) A registered office ~~which~~ [that](#) may be the same as ~~in~~ its principal office.

12 (2) A registered agent, which agent may be either an individual resident in this state
13 whose business office is identical with the registered office, or a domestic corporation, whether
14 for profit or not for profit, or a foreign corporation, whether for profit or not for profit, authorized
15 to transact business or conduct affairs in this state, having an office identical with the registered
16 office.

17 **7-6-107. Effect of repeal of prior chapters.**

18 (a) The repeal of a prior chapter by this chapter does not affect any right accrued or
19 established, or any liability or penalty incurred, under the provisions of the prior chapter, prior to
20 its repeal.

21 (b) The limitation formerly set forth in § 7-6-8, as amended, which is repealed ~~by this~~
22 ~~section~~ [hereby](#), and any similar limitation does not subsequently apply to any existing
23 corporation whether created by special act of the General Assembly or otherwise, even if the
24 corporation's articles of incorporation or any special act of the General Assembly contain a
25 reference to § 7-6-8 or a recitation of the limitation previously contained in that section or any
26 similar limitation.

27 (c) Each existing corporation has the powers set forth in § 7-6-5 of this chapter even if its
28 articles of incorporation contain other or different powers or contain a reference to or recitation of
29 the powers granted by any act at this time or subsequently repealed.

30 SECTION 7. Sections 7-6.1-11 and 7-6.1-13 of the General Laws in Chapter 7-6.1
31 entitled "Cooperative Housing Corporations" are hereby amended to read as follows:

32 **7-6.1-11. Net savings -- Apportionment.**

33 At least once a year the board of every cooperative housing corporation shall, after first
34 setting aside an adequate portion of the net savings in a reserve fund for the general operation of

1 the business, apportion the remainder of the net savings in one or more of the following ways:

2 (1) As a dividend not to exceed ten percent (10%), noncumulative, upon one or more
3 classes of stock;

4 (2) As an equitable distribution or refund to all patrons in proportion to their individual
5 patronage except that:

6 (i) ~~in~~ In the case of a subscriber patron, the distribution or refund may be credited to the
7 subscriber's account until the subscription has been fully paid; and

8 (ii) ~~in~~ In the case of a nonmember patron, the amount otherwise distributable may be
9 retained by the cooperative housing corporation;

10 (3) This section does not prevent a cooperative housing corporation from disposing of the
11 net savings by reducing the cost of goods, facilities, or services or by applying the net savings
12 otherwise for the common benefit of members or stockholders;

13 (4) This section does not prevent a cooperative housing corporation from adopting a
14 system by which the payment of net savings ~~are~~ is deferred for a fixed period of time, nor from
15 adopting a system in which the net savings distributed are partly in cash and partly in stock.

16 **7-6.1-13. Loans.**

17 Any financial institution organized, incorporated, chartered, or licensed to conduct
18 business under the laws of the state of Rhode Island ~~are~~ shall be authorized to make loans
19 secured by a pledge of a proprietary lease and the appurtenant stock of a cooperative housing
20 corporation ~~on~~ upon the same terms and with the same limitations as loans secured by
21 mortgages of real property.

22 SECTION 8. Section 7-7-8 of the General Laws in Chapter 7-7 entitled "Producers'
23 Cooperatives" is hereby amended to read as follows:

24 **7-7-8. Qualifications of members.**

25 Only persons, or associations of persons, engaged in the production of the such
26 agricultural products ~~that~~ as the association is authorized to handle, including lessees and
27 landlords receiving these products as rent, ~~are~~ shall be eligible to membership ~~in the association~~
28 therein, subject to the terms and conditions prescribed in its articles of incorporation or bylaws
29 consistent ~~with this chapter~~ herewith. Following the ascertainment through procedure set forth
30 in its bylaws that a member has ceased to be eligible to membership in an association, his or her
31 rights ~~in the association~~ therein may be suspended.

32 SECTION 9. Sections 7-8-5, 7-8-9 and 7-8-17 of the General Laws in Chapter 7-8
33 entitled "Consumers' Cooperatives" are hereby amended to read as follows:

34 **7-8-5. Federation and cooperation between associations.**

1 In addition to the powers granted to it by § 7-1.2-302, an association has power to:

2 (1) Own and hold membership in other associations formed under any laws of this state,
3 or of any other state, country, nation, or government, and while the holder ~~the membership~~
4 thereof, to exercise all the rights of membership.

5 (2) Make agreements of mutual aid or federation with other associations, other groups
6 organized on a cooperative basis, and other nonprofit groups.

7 **7-8-9. Amendment of articles.**

8 (a) The articles of association may be amended, as provided in chapter 1.2 of this title,
9 by an affirmative vote of two-thirds (2/3) of the members voting at a meeting duly called for the
10 purpose. If the amendment is to alter the preferences of outstanding shares of any type, or to
11 authorize the issuance of shares having preferences superior to outstanding shares of any type, the
12 affirmative vote of two-thirds (2/3) of the members owning the outstanding shares affected by the
13 change is also required for the adoption of the amendment. If the amendment is to alter the rule
14 by which members' property rights in a nonshare association are determined, a vote of two-thirds
15 (2/3) of the entire membership is required.

16 (b) Notice of any meeting to consider amendments to the articles of association must be
17 sent at least three (3) weeks in advance of the meeting to each member at his or her last known
18 address, accompanied by the full text of the proposal and the part of the articles to be amended.

19 (c) There shall be paid to the secretary of state upon the filing and certification of the
20 articles of amendment a fee of five dollars (\$5.00).

21 **7-8-17. Membership of organizations -- Payment of capital as prerequisite to**
22 **membership.**

23 No corporation or organization or group of any kind ~~is~~ shall be eligible to membership in
24 an association unless it is organized on a cooperative or nonprofit basis, and no person,
25 association, or organization or group of any kind ~~is~~ shall be deemed a member of an association
26 until the association has received payment in full for the par value of the minimum amount of
27 share or membership capital stated in the articles as necessary to qualify for membership.

28 SECTION 10. Section 7-9-2 of the General Laws in Chapter 7-9 entitled "Additional
29 Powers Of Corporations" is hereby amended to read as follows:

30 **7-9-2. Power to execute bonds and obligations.**

31 Any company authorized to do business in this state may make, sign, seal, execute,
32 acknowledge, and deliver any bond, guaranty, undertaking, or any other obligation in this state, or
33 may enter into any recognizance or other obligation of record in this state, by its attorney in fact
34 or by its officer or officers, agent or authorized agents; and the authority from the company may

1 be shown in the same manner that similar authority ~~are~~ may be shown in the case of other
2 corporations.

3 SECTION 11. Section 7-11-402 of the General Laws in Chapter 7-11 entitled "Rhode
4 Island Uniform Securities Act" is hereby amended to read as follows:

5 **7-11-402. Exempt transactions.**

6 The following transactions are exempt from §§ 7-11-301 and 7-11-404:

7 (1) An isolated nonissuer transaction, whether or not effected through a broker-dealer;

8 (2) A nonissuer transaction in an outstanding security if the issuer of the security has a
9 class of securities subject to registration under § 12 of the Securities Exchange Act of 1934, 15
10 U.S.C. § 78l, and has been subject to the reporting requirements of § 13 or § 15(d) of the
11 Securities Exchange Act of 1934, 15 U.S.C. §§ 78m and 78o(d), for not less than ninety (90) days
12 before the transaction; or has filed and maintained with the director for not less than ninety (90)
13 days before the transaction information, in any form that the director, by rule, specifies,
14 substantially comparable to the information which the issuer would be required to file under §
15 12(b) or § 12(g) of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78l(b) or 78l(g), were the
16 issuer to have a class of its securities registered under § 12 of the Securities Exchange Act of
17 1934 and paid a fee with the filing of three hundred dollars (\$300);

18 (3) A nonissuer transaction ~~if~~ in a security:

19 (i) ~~of~~ Of a class outstanding in the hands of the public for not less than ninety (90) days
20 before the transaction ~~is~~ if a nationally recognized securities manual designated by the director,
21 by rule or order, contains the names of the issuer's officers and directors, a statement of financial
22 condition of the issuer as of a date within the last eighteen (18) months, and a statement of
23 income or operations for either the last fiscal year before that date or the most recent year of
24 operation; or

25 (ii) ~~if~~ If the security has a fixed maturity or a fixed interest or dividend provision and
26 there has been no default during the current fiscal year or within the three (3) preceding years, or
27 during the existence of the issuer and any predecessors if less than three (3) years, in the payment
28 of principal, interest, or dividends on the security;

29 (4) A nonissuer transaction effected by or through a registered broker dealer pursuant to
30 an unsolicited order or offer to purchase; but the director may by rule require that the customer
31 acknowledge upon a specified form that the sale was unsolicited, and that a signed copy of each
32 form be preserved by the broker dealer for a specified period;

33 (5) A transaction between the issuer or other person on whose behalf the offering of a
34 security is made and an underwriter, or a transaction among underwriters;

1 (6) A transaction in a bond or other evidence of indebtedness secured by a real estate
2 mortgage, deed of trust, personal property security agreement, or by an agreement for the sale of
3 real estate or personal property, if the entire mortgage, deed of trust, or agreement, together with
4 all the bonds or other evidences of indebtedness secured by them, is offered and sold as a unit;

5 (7) A transaction by an executor, administrator, sheriff, marshal, receiver, trustee in
6 bankruptcy, guardian, or conservator;

7 (8) A transaction executed by a bona fide secured party without a purpose of evading this
8 chapter;

9 (9) An offer to sell or sale of a security to a financial or institutional investor or to a
10 broker dealer;

11 (10) A transaction pursuant to an offer directed by the offeror to no more than twenty-
12 five (25) purchasers in this state, other than those designated in subdivision (9), during any twelve
13 (12) consecutive months; no general solicitation or general advertising is used in connection with
14 the offer to sell or sale of the securities; and no commission or other similar compensation is paid
15 or given, directly or indirectly, to a person, other than a broker dealer licensed or not required to
16 be licensed under this chapter, for soliciting a prospective purchaser in this state; and either:

17 (i) ~~the~~ The seller reasonably believes that all the purchasers in this state, other than those
18 designated in ~~subdivision~~ subsection (9) are purchasing for investment; or

19 (ii) ~~immediately~~ **Immediately** before and immediately after the transaction, the issuer
20 reasonably believes that the securities of the issuer are held by fifty (50) or fewer beneficial
21 owners, other than those designated in ~~paragraph~~ subsection (9) and the transaction is part of an
22 aggregate offering that does not exceed one million dollars (\$1,000,000) during any twelve (12)
23 consecutive months.

24 (11) An offer to sell or sale of a preorganization certificate or subscription if no
25 commission or other similar compensation is paid or given, directly or indirectly, for soliciting a
26 prospective subscriber; no public advertising or general solicitation is used in connection with the
27 offer to sell or sale; the number of subscribers does not exceed ten (10); and no payment is made
28 by a subscriber;

29 (12) An offer to sell or sale of a preorganization certificate or subscription agreement
30 issued in connection with the organization of a depository institution if that organization is under
31 the supervision of an official or agency of any state or of the United States ~~which~~ that has and
32 exercises the authority to regulate and supervise the organization of the depository institution. For
33 the purposes of this ~~paragraph~~ subsection, supervision of the organization by an official or
34 agency means that the official or agency by law has authority to require disclosures to prospective

1 investors similar to that required under § 7-11-304, impound proceeds from the sale of
2 preorganization certificates or subscription agreements until organization of the depository
3 institution is completed, and require refund to investors if the depository institution does not
4 obtain a grant of authority from the appropriate official or agency;

5 (13) A transaction pursuant to an offer to sell to existing security holders of the issuer,
6 including persons who at the time of the transaction are holders of transferable warrants
7 exercisable within not more than ninety (90) days after their issuance, convertible securities, or
8 nontransferable warrants, if:

9 (i) No commission or other similar compensation, other than a standby commission, is
10 directly or indirectly paid or given, for soliciting a security holder in this state; or

11 (ii) The issuer first files a notice specifying the terms of the offer to sell and the director
12 does not by order disallow the exemption within the next five (5) full business days;

13 (14) A transaction involving an offer to sell, but not a sale, of a security not exempt from
14 registration under the Securities Act of 1933, 15 U.S.C. § 77a et seq. if:

15 (i) A registration or offering statement or similar document as required under the
16 Securities Act of 1933, 15 U.S.C. § 77a et seq. has been filed, but is not effective;

17 (ii) A registration statement, if required, has been filed under this chapter, but is not
18 effective; and

19 (iii) No stop order of which the offeror is aware has been entered by the director or the
20 ~~securities and exchange commission~~ Securities and Exchange Commission, and no
21 examination or public proceeding that may culminate in that kind of order is known by the offeror
22 to be pending;

23 (15) A transaction involving an offer to sell, but not a sale, of a security exempt from
24 registration under the Securities Act of 1933, 15 U.S.C. § 77a et seq. if:

25 (i) A registration statement has been filed under this chapter, but is not effective; and

26 (ii) No stop order of which the offeror is aware has been entered by the director and no
27 examination or public proceeding that may culminate in that kind of order is known by the offeror
28 to be pending;

29 (16) A transaction involving the distribution of the securities of an issuer to the security
30 holders of another person in connection with a merger, consolidation, exchange of securities, sale
31 of assets, or other reorganization to which the issuer, or its parent or subsidiary, and the other
32 person, or its parent or subsidiary, are parties, if:

33 (i) The securities to be distributed are registered under the Securities Act of 1933, 15
34 U.S.C. § 77a et seq. before the consummation of the transaction; or

1 (ii) The securities to be distributed are not required to be registered under the Securities
2 Act of 1933, 15 U.S.C. § 77a et seq., written notice of the transaction and a copy of the materials,
3 if any, by which approval of the transaction will be solicited is given to the director at least ten
4 (10) days before the consummation of the transaction and the director does not disallow by order
5 the exemption within the next ten (10) days; and

6 (17) (i) A transaction involving the offer to sell or sale of one or more promissory notes
7 each of which is directly secured by a first lien on a single parcel of real estate, or a transaction
8 involving the offer to sell or sale of participation interests in the notes if the notes and
9 participation interests are originated by a depository institution and are offered and sold subject to
10 the following conditions:

11 (A) The minimum aggregate sales price paid by each purchaser may not be less than two
12 hundred and fifty thousand dollars (\$250,000);

13 (B) Each purchaser must pay cash either at the time of the sale or within sixty (60) days
14 after the sale; and

15 (C) Each purchaser may buy for that person's own account only;

16 (ii) A transaction involving the offer to sell or sale of one or more promissory notes
17 directly secured by a first lien on a single parcel of real estate or participation interests in the
18 notes, if the notes and participation interests are originated by a mortgagee approved by the
19 secretary of ~~housing and urban development~~ Housing and Urban Development under §§ 203
20 and 211 of the National Housing Act, 12 U.S.C. §§ 1709 and 1715b, and are offered or sold,
21 subject to the conditions specified in subsection (17)(i), to a depository institution or insurance
22 company, ~~the federal home loan mortgage corporation, the federal national mortgage~~
23 ~~association, or the government national mortgage association~~ the Federal Home Loan
24 Mortgage Corporation, the Federal National Mortgage Association, or the Government
25 National Mortgage Association; and

26 (iii) A transaction between any of the persons described in subparagraph (ii) involving a
27 nonassignable contract to buy or sell the securities described in subparagraph (i) which contract is
28 to be completed within two (2) years if:

29 (A) The seller of the securities pursuant to the contract is one of the parties described in
30 paragraph (i) or (ii) of this subdivision who may originate securities;

31 (B) The purchaser of securities pursuant to a contract is any other person described in
32 paragraph (ii); and

33 (C) The conditions described in paragraph (i) are fulfilled.

34 (18) Any offer or sale of securities made in reliance on the exemptions provided by Rule

1 505 or 506 of regulation D as may be amended from time to time, under the Securities Act of
2 1933, 15 U.S.C. § 77a et seq., and the provisions of the rules under that Act as amended from
3 time to time; provided:

4 (i) No commission or other remuneration may be paid or given directly or indirectly, to
5 any person for soliciting or selling to any person in this state in reliance on this exemption, except
6 to persons registered under §§ 7-11-201 -- 7-11-204;

7 (ii) Not later than ten (10) days, or a shorter period that may be permitted by order of the
8 director, prior to the first sale of securities in reliance on this exemption, there is filed with the
9 director:

10 (A) A Uniform Consent to Service of Process (Form U2);

11 (B) A notice of original filing on Form D; and

12 (C) A fee of three hundred dollars (\$300).

13 No exemption is available for the securities of any issuer if any of the parties described in
14 securities and exchange commission regulation A. Rule 230.252, Section (c), (d), (e) or (f) under
15 the Securities Act of 1933 are disqualified pursuant to a rule adopted by the director.

16 SECTION 12. Section 7-12-49 of the General Laws in Chapter 7-12 entitled
17 "Partnerships" is hereby amended to read as follows:

18 **7-12-49. Rights of partners to application of partnership property.**

19 (a) When dissolution is caused in any way, except in contravention of the partnership
20 agreement, each partner, as against his or her copartners and all persons claiming through them in
21 respect of their interests in the partnership, unless otherwise agreed, may have the partnership
22 property applied to discharge its liabilities, and the surplus applied to pay in cash the net amount
23 owing to the respective partners. But if dissolution is caused by the expulsion of a bona fide
24 partner under the partnership agreement, and if the expelled partner is discharged from all
25 partnership liabilities, either by payment or agreement under § 7-12-47~~(2)~~(b), he or she receives
26 in cash only the net amount due him or her from the partnership.

27 (b) When dissolution is caused in contravention of the partnership agreement the rights of
28 the partners are as follows:

29 (1) Each partner who has not wrongfully caused dissolution has; **;**

30 (i) All the rights specified in subsection (a); **;** and

31 (ii) The right, as against each partner who has wrongfully caused the dissolution, **;** to
32 damages for breach of the agreement.

33 (2) The partners who have not wrongfully caused the dissolution, if they all desire to
34 continue the business in the same name, either by themselves or jointly with others, may do so,

1 during the agreed term for the partnership and for that purpose may possess the partnership
2 property, provided they secure the payment by bond approved by the court, or pay to any partner
3 who has wrongfully caused the dissolution, the value of his or her interest in the partnership at the
4 dissolution, less any damages recoverable under subsection (b)(1)(ii), and in like manner
5 indemnify him or her against all present or future partnership liabilities.

6 (3) A partner who has wrongfully caused the dissolution has:

7 (i) If the business is not continued under the provisions of subsection (b)(2), all the rights
8 of a partner under subsection (a); subject to subsection (b)(1)(ii);

9 (ii) If the business is continued under subsection (b)(2), the right as against his or her
10 copartners and all claiming through them as to their interests in the partnership, to have the value
11 of his or her interest in the partnership, less any damages caused to his or her copartners by the
12 dissolution, ascertained and paid to him or her in cash, or the payment secured by bond approved
13 by the court, and to be released from all existing liabilities of the partnership; but in ascertaining
14 the value of the partner's interest the value of the good will of the business is not considered.

15 SECTION 13. Section 7-13-44 of the General Laws in Chapter 7-13 entitled "Limited
16 Partnerships" is hereby amended to read as follows:

17 **7-13-44. Nonjudicial dissolution.**

18 A limited partnership is dissolved and its affairs shall be wound up upon the happening of
19 the first to occur of the following:

20 (1) At the time or upon the happening of any of the events specified in the partnership
21 agreement;

22 (2) Written consent of all partners;

23 (3) Unless otherwise provided in the partnership agreement, an event of withdrawal of a
24 general partner unless at the time there is at least one other general partner and the partnership
25 agreement permits the business of the limited partnership to be carried on by the remaining
26 general partner and that partner does so, but the limited partnership is not dissolved and is not
27 required to be wound up by reason of any event of withdrawal, if, within ninety (90) days after
28 the withdrawal, a majority interest of the partners agrees in writing to continue the business of the
29 limited partnership and to the appointment of one or more additional general partners if necessary
30 or desired; or

31 (4) Entry of a decree of judicial dissolution under § 7-13-45.

32 SECTION 14. Section 7-15-6 of the General Laws in Chapter 7-15 entitled "Racketeer
33 Influenced and Corrupt Organizations" is hereby amended to read as follows:

34 **7-15-6. Application.**

1 It is not a defense in any action brought under this chapter that the racketeering activity as
2 defined in § 7-15-1~~(a)~~ (c) occurred prior to May 5, 1979.

3 SECTION 15. Sections 7-16-5.1, 7-16-5.2, 7-16-9, 7-16-50.1, 7-16-54, 7-16-63, 7-16-64
4 and 7-16-65 of the General Laws in Chapter 7-16 entitled "The Rhode Island Limited-Liability
5 Company Act" are hereby amended to read as follows:

6 **7-16-5.1. Conversion of certain entities to a limited-liability company.**

7 (a) As used in this section, the term "other entity" means a corporation, a business trust,
8 or association, a real estate investment trust, a common-law trust, a sole proprietorship or any
9 other unincorporated business, or entity including a partnership, whether general or limited,
10 (including a registered limited-liability partnership) or a foreign, limited-liability company.

11 (b) Any other entity may convert to a domestic, limited-liability company by complying
12 with subsection (h) of this section and filing in the office of the secretary of state in accordance
13 with § 7-16-8 articles of organization that comply with § 7-16-6 and have been executed by one
14 or more authorized persons in accordance with § 7-16-7, accompanied by a certificate of
15 conversion to a limited-liability company duly executed by one or more persons authorized to act
16 on behalf of the other entity and one or more persons authorized to sign a certificate of
17 conversion on behalf of the limited-liability company.

18 (c) The certificate of conversion to limited-liability company shall state:

19 (1) The date on which and jurisdiction where the other entity was first created, formed, or
20 otherwise came into being and, if it has changed, its jurisdiction immediately prior to its
21 conversion to a domestic, limited-liability company;

22 (2) The name of the other entity immediately prior to the filing of the certificate of
23 conversion to limited-liability company;

24 (3) The name of the limited-liability company as set forth in its articles of organization
25 filed in accordance with subsection (b) of this section; and

26 (4) The future effective date or time (which is a date or time certain) of the conversion to
27 a limited-liability company if it is not to be effective upon the filing of the certificate of
28 conversion to limited-liability company and the articles of organization.

29 (d) Upon the filing in the office of the secretary of state of the certificate of conversion to
30 limited-liability company and the articles of organization or upon the future effective date or time
31 of the certificate of conversion to a limited-liability company and the articles of organization, the
32 other entity shall be converted into a domestic, limited-liability company and the limited-liability
33 company shall thereafter be subject to all of the provisions of this chapter, except that,
34 notwithstanding § 7-16-5, the existence of the limited-liability company shall be deemed to have

1 commenced on the date the other entity commenced its existence in the jurisdiction in which the
2 other entity was first created, formed, or otherwise came into being.

3 (e) The conversion of any other entity into a domestic, limited-liability company shall not
4 be deemed to affect any obligations or liabilities of the other entity incurred prior to its
5 conversion to a domestic, limited-liability company or the personal liability of any person
6 incurred prior to the conversion.

7 (f) When any conversion shall have become effective under this section, for all purposes
8 of the laws of the state of Rhode Island, all of the rights, privileges, and powers of the other entity
9 that has converted, and all property, real, personal, and mixed, and all debts due to such other
10 entity, as well as all other things and causes of action belonging to the other entity, shall be vested
11 in the domestic, limited-liability company and shall thereafter be the property of the domestic,
12 limited-liability company as they were of the other entity that has converted, and the title to any
13 real property vested by deed or otherwise in the other entity shall not revert or be in any way
14 impaired by reason of this chapter, but all rights of creditors and all liens upon any property of
15 such other entity shall be preserved unimpaired, and all debts, liabilities, and duties of the other
16 entity that has converted shall thenceforth attach to the domestic, limited-liability company and
17 may be enforced against it to the same extent as if those debts, liabilities, and duties had been
18 incurred or contracted by it.

19 (g) Unless otherwise agreed, or as required under applicable non-Rhode Island law, the
20 converting other entity shall not be required to wind up its affairs or pay its liabilities and
21 distribute its assets, and the conversion shall not be deemed to constitute a dissolution of the other
22 entity and shall constitute a continuation of the existence of the converting other entity in the
23 form of a domestic, limited-liability company.

24 (h) Prior to filing a certificate of conversion to limited-liability company **with** the office
25 of the secretary of state, the conversion shall be approved in the manner provided for by the
26 document, instrument, agreement, or other writing, as the case may be, governing the internal
27 affairs of the other entity and the conduct of its business or by applicable law, as appropriate, and
28 a limited-liability company agreement shall be approved by the same authorization required to
29 approve the conversion.

30 (i) In connection with a conversion hereunder, rights or securities of or interests in the
31 other entity ~~which that~~ **that** is to be converted to a domestic, limited-liability company may be
32 exchanged for or converted into cash, property, or rights or securities of or interests in such
33 domestic, limited-liability company ~~or, in addition to or in lieu thereof, may be exchanged for~~
34 ~~or converted into cash, property, or rights or securities of or interests in such domestic~~

1 ~~limited liability company~~ or, in addition to or in lieu thereof, may be exchanged for or converted
2 into cash, property, or rights or securities of or interests in another domestic, limited liability
3 company or other entity or may be cancelled.

4 (j) The provisions of this section shall not be construed to limit the accomplishment of a
5 change in the law governing, or the domicile of, ~~an other~~ another entity to the state of Rhode
6 Island by any other means provided for in a limited liability company agreement or other
7 agreement or as otherwise permitted by law, including by the amendment of a limited liability
8 company agreement or other agreement.

9 **7-16-5.2. Approval of conversion of a limited liability company. [Effective until July**
10 **1, 2020.]**

11 (a) A domestic, limited liability company may convert to a corporation, a business trust,
12 or association, a real estate investment trust, a common law trust, a sole proprietorship, or any
13 other unincorporated business or entity including a partnership (whether general or limited,
14 including a registered limited liability partnership), or a foreign, limited liability company upon
15 the authorization of the conversion in accordance with this section.

16 (b) If the limited liability company agreement specified the manner of authorizing a
17 conversion of the limited liability company, the conversion shall be authorized as specified in the
18 limited liability company agreement. If the limited liability company agreement does not specify
19 the manner of authorizing a conversion of the limited liability company and does not prohibit a
20 conversion of the limited liability company, the conversion shall be authorized in the same
21 manner as is specified in the limited liability company agreement for authorizing a merger or
22 consolidation that involves the limited liability company as a constituent party to the merger or
23 consolidation. If the limited liability company agreement does not specify the manner of
24 authorizing a conversion of the limited liability company or a merger or consolidation that
25 involves the limited liability company as a constituent party and does not prohibit a conversion of
26 the limited liability company, the conversion shall be authorized by the approval by the members
27 or, if there is more than one class or group of members, then by each class or group of members,
28 in either case, by members who own more than fifty percent (50%) of the then-current percentage
29 or other interest in the profits of the domestic, limited liability company owned by all of the
30 members or by the members in each class or group, as appropriate.

31 (c) Unless otherwise agreed, the conversion of a domestic, limited liability company to
32 another entity or business form pursuant to this section shall not require ~~such the~~ limited liability
33 company to wind up its affairs under § 7-16-45 or pay its liabilities and distribute its assets under
34 § 7-16-46, and the conversion shall not constitute a dissolution of ~~such the~~ limited liability

1 company. When a limited-liability company has converted to another entity or business form
2 pursuant to this section, for all purposes of the laws of the state of Rhode Island, the other entity
3 or business form shall be deemed to be the same entity as the converting limited-liability
4 company and conversion shall constitute a continuation of the existence of the limited-liability
5 company in the form of such other entity or business form.

6 (d) In connection with a conversion of a domestic, limited-liability company to another
7 entity or business form pursuant to this section, rights or securities of or interests in the domestic,
8 limited-liability company that is to be converted may be exchanged for or converted into cash,
9 property, rights or securities of or interests in the entity or business form into which the domestic,
10 limited-liability company is being converted or, in addition to or in lieu thereof, may be
11 exchanged for or converted into cash, property, rights or securities of or interests in another entity
12 or business form or may be cancelled.

13 (e) If a limited-liability company shall convert in accordance with this section to another
14 entity or business form organized, formed, or created under the laws of a jurisdiction other than
15 the state of Rhode Island or to a Rhode Island unincorporated "other entity", a certificate of
16 conversion to non-Rhode Island entity shall be filed in the office of the secretary of state. The
17 certificate of conversion to non-Rhode Island entity shall state:

18 (1) The name of the limited-liability company and, if it has been changed, the name under
19 which its certificate of formation was originally filed;

20 (2) The date of filing of its original certificate of formation with the secretary of state;

21 (3) The jurisdiction in which the entity or business form, to which the limited-liability
22 company shall be converted, is organized, formed, or created, and the name and type of such
23 entity or business form;

24 (4) The future effective date or time (which shall be a date or time certain) of the
25 conversion if it is not to be effective upon the filing of the certificate of conversion to non-Rhode
26 Island entity;

27 (5) That the conversion has been approved in accordance with this section;

28 (6) The agreement of the limited-liability company that it may be served with process in
29 the state of Rhode Island in any action, suit, or proceeding for enforcement of any obligation ~~to~~ of
30 the limited-liability company arising while it was a limited-liability company of the state of
31 Rhode Island, and that it irrevocably appoints the secretary of state as its agent to accept service
32 of process in any such action, suit, or proceeding.

33 (f) Upon the filing in the office of the secretary of state of the certificate of conversion to
34 non-Rhode Island entity or upon the future effective date or time of the certificate of conversion

1 to non-Rhode Island entity and upon payment of all fees due by the limited-liability company, as
2 evidenced by an appropriate certificate of good standing issued by the Rhode Island division of
3 taxation, the secretary of state shall certify that the limited-liability company has filed all
4 documents and paid all fees required by this chapter, and thereupon the limited-liability company
5 shall cease to exist as a limited-liability company of the state of Rhode Island. Such certificate of
6 the secretary of state shall be prima facie evidence of the conversion by such limited-liability
7 company out of the state of Rhode Island.

8 (g) The conversion of a limited-liability company out of the state of Rhode Island in
9 accordance with this section and the resulting cessation of its existence as a limited-liability
10 company of the state of Rhode Island pursuant to a certificate of conversion to non-Rhode Island
11 entity shall not be deemed to affect any obligations or liabilities of the limited-liability company
12 incurred prior to such conversion or the personal liability of any person incurred prior to such
13 conversion, nor shall it be deemed to affect the choice of laws applicable to the limited-liability
14 company with respect to matters arising prior to such conversion.

15 (h) When a limited-liability company has been converted to another entity or business
16 form pursuant to this section, the other entity or business form shall, for all purposes of the laws
17 of the state of Rhode Island, be deemed to be the same entity as the limited-liability company.
18 When any conversion shall have become effective under this section, for all purposes of the laws
19 of the state of Rhode Island, all of the rights, privileges, and powers of the limited-liability
20 company that has converted, and all property, real, personal, and mixed, and all such debts due to
21 such limited-liability company, as well as all other things and causes of action belonging to such
22 limited-liability company, shall remain vested in the other entity or business form to which such
23 limited-liability company has converted and shall be the property of such other entity or business
24 form, and the title to any real property vested by deed or otherwise in such limited-liability
25 company shall not revert to such limited-liability company or be in any way impaired by reason
26 of this chapter; but all rights of creditors and all liens upon any property of such limited-liability
27 company shall be preserved unimpaired, and all debts, liabilities, and duties of the limited-
28 liability company that has converted shall remain attached to the other entity or business form to
29 which such limited-liability company has converted, and may be enforced against it to the same
30 extent as if said debts, liabilities, and duties had originally been incurred or contracted by it in its
31 capacity as such other entity or business form. The rights, privileges, powers, and interests in
32 property of the limited-liability company that has converted, as well as the debts, liabilities, and
33 duties of such limited-liability company, shall not be deemed, as a consequence of the
34 conversion, to have been transferred to the other entity or business form to which such limited-

1 liability company has converted for any purpose of the laws of the state of Rhode Island.

2 **7-16-5.2. Approval of conversion of a limited-liability company. [Effective July 1,**
3 **2020.]**

4 (a) A domestic, limited-liability company may convert to a corporation, a business trust,
5 or association, a real estate investment trust, a common law trust, a sole proprietorship, or any
6 other unincorporated business or entity including a partnership (whether general or limited,
7 including a registered limited-liability partnership), or a foreign, limited-liability company upon
8 the authorization of the conversion in accordance with this section.

9 (b) If the limited-liability company agreement specified the manner of authorizing a
10 conversion of the limited-liability company, the conversion shall be authorized as specified in the
11 limited-liability company agreement. If the limited-liability company agreement does not specify
12 the manner of authorizing a conversion of the limited-liability company and does not prohibit a
13 conversion of the limited-liability company, the conversion shall be authorized in the same
14 manner as is specified in the limited-liability company agreement for authorizing a merger or
15 consolidation that involves the limited-liability company as a constituent party to the merger or
16 consolidation. If the limited-liability company agreement does not specify the manner of
17 authorizing a conversion of the limited-liability company or a merger or consolidation that
18 involves the limited-liability company as a constituent party and does not prohibit a conversion of
19 the limited-liability company, the conversion shall be authorized by the approval by the members
20 or, if there is more than one class or group of members, then by each class or group of members,
21 in either case, by members who own more than fifty percent (50%) of the then-current percentage
22 or other interest in the profits of the domestic, limited-liability company owned by all of the
23 members or by the members in each class or group, as appropriate.

24 (c) Unless otherwise agreed, the conversion of a domestic, limited-liability company to
25 another entity or business form pursuant to this section shall not require such limited-liability
26 company to wind up its affairs under § 7-16-45 or pay its liabilities and distribute its assets under
27 § 7-16-46, and the conversion shall not constitute a dissolution of such limited-liability company.
28 When a limited-liability company has converted to another entity or business form pursuant to
29 this section, for all purposes of the laws of the state of Rhode Island, the other entity or business
30 form shall be deemed to be the same entity as the converting limited-liability company and
31 conversion shall constitute a continuation of the existence of the limited-liability company in the
32 form of such other entity or business form.

33 (d) In connection with a conversion of a domestic, limited-liability company to another
34 entity or business form pursuant to this section, rights or securities of or interests in the domestic,

1 limited-liability company that is to be converted may be exchanged for or converted into cash,
2 property, rights, or securities of or interests in the entity or business form into which the
3 domestic, limited-liability company is being converted or, in addition to or in lieu thereof, may be
4 exchanged for or converted into cash, property, rights, or securities of or interests in another
5 entity or business form or may be cancelled.

6 (e) If a limited-liability company shall convert in accordance with this section to another
7 entity or business form organized, formed, or created under the laws of a jurisdiction other than
8 the state of Rhode Island or to a Rhode Island unincorporated "other entity", a certificate of
9 conversion to non-Rhode Island entity shall be filed in the office of the secretary of state. The
10 certificate of conversion to non-Rhode Island entity shall state:

11 (1) The name of the limited-liability company and, if it has been changed, the name under
12 which its certificate of formation was originally filed;

13 (2) The date of filing of its original certificate of formation with the secretary of state;

14 (3) The jurisdiction in which the entity or business form, to which the limited-liability
15 company shall be converted, is organized, formed, or created, and the name and type of such
16 entity or business form;

17 (4) The future effective date or time (which shall be a date or time certain) of the
18 conversion if it is not to be effective upon the filing of the certificate of conversion to non-Rhode
19 Island entity;

20 (5) That the conversion has been approved in accordance with this section;

21 (6) The agreement of the limited-liability company that it may be served with process in
22 the state of Rhode Island in any action, suit, or proceeding for enforcement of any obligation ~~to~~ of
23 the limited-liability company arising while it was a limited-liability company of the state of
24 Rhode Island, and that it irrevocably appoints the secretary of state as its agent to accept service
25 of process in any such action, suit, or proceeding.

26 (f) Upon the filing in the office of the secretary of state of the certificate of conversion to
27 non-Rhode Island entity or upon the future effective date or time of the certificate of conversion
28 to non-Rhode Island entity and upon payment of all fees due by the limited-liability company, the
29 secretary of state shall certify that the limited-liability company has filed all documents and paid
30 all fees required by this chapter, and thereupon the limited-liability company shall cease to exist
31 as a limited-liability company of the state of Rhode Island. Such certificate of the secretary of
32 state shall be prima facie evidence of the conversion by ~~such~~ the limited-liability company out of
33 the state of Rhode Island.

34 (g) The conversion of a limited-liability company out of the state of Rhode Island in

1 accordance with this section and the resulting cessation of its existence as a limited-liability
2 company of the state of Rhode Island pursuant to a certificate of conversion to non-Rhode Island
3 entity shall not be deemed to affect any obligations or liabilities of the limited-liability company
4 incurred prior to such conversion or the personal liability of any person incurred prior to such
5 conversion, nor shall it be deemed to affect the choice of laws applicable to the limited-liability
6 company with respect to matters arising prior to such conversion.

7 (h) When a limited-liability company has been converted to another entity or business
8 form pursuant to this section, the other entity or business form shall, for all purposes of the laws
9 of the state of Rhode Island, be deemed to be the same entity as the limited-liability company.
10 When any conversion shall have become effective under this section, for all purposes of the laws
11 of the state of Rhode Island, all of the rights, privileges, and powers of the limited-liability
12 company that has converted, and all property, real, personal, and mixed, and all such debts due to
13 ~~such~~ the limited-liability company, as well as all other things and causes of action belonging to
14 ~~such~~ the limited-liability company, shall remain vested in the other entity or business form to
15 which ~~such~~ the limited-liability company has converted and shall be the property of ~~such~~ the
16 other entity or business form, and the title to any real property vested by deed or otherwise in
17 ~~such~~ the limited-liability company shall not revert to ~~such~~ the limited-liability company or be in
18 any way impaired by reason of this chapter; but all rights of creditors and all liens upon any
19 property of ~~such~~ the limited-liability company shall be preserved unimpaired, and all debts,
20 liabilities, and duties of the limited-liability company that has converted shall remain attached to
21 the other entity or business form to which ~~such~~ the limited-liability company has converted, and
22 may be enforced against it to the same extent as if said debts, liabilities, and duties had originally
23 been incurred or contracted by it in its capacity as ~~such~~ the other entity or business form. The
24 rights, privileges, powers, and interests in property of the limited-liability company that has
25 converted, as well as the debts, liabilities, and duties of ~~such~~ the limited-liability company, shall
26 not be deemed, as a consequence of the conversion, to have been transferred to the other entity or
27 business form to which ~~such~~ the limited-liability company has converted for any purpose of the
28 laws of the state of Rhode Island.

29 **7-16-9. Name -- Fictitious business names.**

30 (a) The name of each limited-liability company as set forth in its articles of organization:

31 (1) Shall end with either the words "limited-liability company" or the upper or lower case
32 letters "l.l.c." with or without punctuation, or, if organized as a low-profit, limited-liability
33 company, shall end with either the words "low-profit, limited-liability company" or the
34 abbreviation "L3C" or "l3c";

1 (2) Shall be distinguishable upon the records of the secretary of state from:

2 (i) The name of any corporation, nonbusiness corporation or other association, limited
3 partnership or domestic or foreign, limited-liability company organized under the laws of, or
4 registered or qualified to do business in, this state; or

5 (ii) Any name ~~which~~ that is filed, reserved, or registered under this title, subject to the
6 following:

7 (A) This provision shall not apply if the applicant files with the secretary of state a
8 certified copy of a final decree of a court of competent jurisdiction establishing the prior right of
9 the applicant to the use of the name in this state; and

10 (B) The name may be the same as the name of a corporation, nonbusiness corporation, or
11 other association, the certificate of incorporation or organization of which has been revoked by
12 the secretary of state as permitted by law, and the revocation has not been withdrawn within one
13 year from the date of the revocation.

14 (C) Words ~~and/or~~ or abbreviations that are required by statute to identify the particular
15 type of business entity shall be disregarded when determining if a name is distinguishable upon
16 the records of the secretary of state.

17 (D) The secretary of state shall promulgate rules and regulations defining the term
18 "distinguishable upon the record" for the administration of this chapter.

19 (b) (1) Any domestic or foreign, limited-liability company organized under the laws of,
20 or registered or qualified to do business in, this state may transact business in this state under a
21 fictitious name provided that it files a fictitious business name statement in accordance with this
22 subsection.

23 (2) A fictitious business name statement shall be filed with the secretary of state and shall
24 be executed by an authorized person of the domestic, limited-liability company or by a person
25 with authority to do so under the laws of the state or other jurisdiction of its organization of the
26 foreign, limited-liability company and shall set forth:

27 (i) The fictitious business name to be used; and

28 (ii) The name of the applicant limited-liability company, the state or other jurisdiction in
29 which the limited-liability company is organized and date of the limited-liability company's
30 organization.

31 (3) The fictitious business name statement expires upon the filing of a statement of
32 abandonment of use of a fictitious business name registered in accordance with this subsection or
33 upon the dissolution of the applicant domestic, limited-liability company or the cancellation of
34 registration of the applicant foreign, limited-liability company.

1 (4) The statement of abandonment of use of a fictitious business name under this
2 subsection shall be filed with the secretary of state, shall be executed in the same manner ~~and~~ as
3 provided in subdivision (2) above, and shall set forth:

4 (i) The fictitious business name being abandoned;

5 (ii) The date on which the original fictitious business name statement being abandoned
6 was filed; and

7 (iii) The information set forth in ~~subdivision (2)(ii) of subsection (a)~~ subsection
8 (a)(2)(ii).

9 (5) No domestic or foreign, limited-liability company transacting business under a
10 fictitious business name contrary to the provisions of this section, or its assignee, may maintain
11 any action upon or on account of any contract made, or transaction had, in the fictitious business
12 name in any court of the state until a fictitious business name statement has been filed in
13 accordance with this section.

14 (6) No limited-liability company may be permitted to transact business under a fictitious
15 business name pursuant to this section ~~which~~ that is the same as the name of any corporation,
16 limited partnership or domestic or foreign, limited-liability company organized under the laws of,
17 or registered or qualified to do business in, this state or any name ~~which~~ that is filed, reserved, or
18 registered under this title, subject to the following:

19 (i) This provision does not apply if the applicant files with the secretary of state a
20 certified copy of a final decree of a court of competent jurisdiction establishing the prior right of
21 the applicant to the use of the name in this state; and

22 (ii) The name may be the same as the name of a corporation, nonbusiness corporation, or
23 other association, the certificate of incorporation or organization of which has been revoked by
24 the secretary of state as permitted by law and the revocation has not been withdrawn within one
25 year from the date of revocation.

26 (iii) Words ~~and/or~~ or abbreviations that are required by statute to identify the particular
27 type of business entity shall be disregarded when determining if a name is distinguishable upon
28 the records of the secretary of state.

29 (iv) The secretary of state shall promulgate rules and regulations defining the term
30 "distinguishable upon the record" for the administration of this chapter.

31 (7) A filing fee of fifty dollars (\$50.00) shall be collected by the secretary of state for
32 each statement filed.

33 **7-16-50.1. Service of process on foreign, limited-liability company.**

34 (a) The resident agent appointed by a foreign, limited-liability company authorized to

1 transact business in this state is an agent of the limited-liability company upon whom any process,
2 notice, or demand required or permitted by law to be served upon the corporation may be served.

3 (b) Whenever a foreign, limited-liability company authorized to transact business in this
4 state fails to appoint or maintain a resident agent in this state; or whenever any resident agent
5 cannot with reasonable diligence be found at the registered office; or whenever the certificate of
6 authority of a foreign, limited-liability company is suspended or revoked, the secretary of state is
7 an agent of the foreign, limited-liability company upon whom any process, notice, or demand
8 may be served. Service on the secretary of state of any process, notice, or demand must be made
9 by delivering to and leaving with him or her, or with any clerk having charge of the corporation
10 department of his or her office, duplicate copies of the process, notice, or demand. In the event
11 any process, notice, or demand is served on the secretary of state, the secretary of state shall
12 immediately forward one of the copies by registered mail, addressed to the foreign, limited-
13 liability company at its principal office if known to him or her, in the state or country under the
14 laws of which it was organized. Any service had in this manner on the secretary of state is
15 returnable in not less than thirty (30) days.

16 (c) Every foreign, limited-liability company as a condition precedent to carrying on
17 business in this state must, and by so carrying on business in this state does, consent that any
18 process, including the process of garnishment, may be served upon the secretary of state in the
19 manner provided by this section, except that notice of the service must be given by the plaintiff or
20 his or her attorney in the manner as the court in which the action is commenced or pending orders
21 as affording the corporation reasonable opportunity to defend the action or to learn of the
22 garnishment. Notwithstanding the preceding requirements, however, once service has been made
23 on the secretary of state as provided, the court has the authority in the event of failure to comply
24 with the requirement of notice to the foreign, limited-liability company to order notice that is
25 sufficient to apprise it of the pendency of the action against it, and additionally, may extend the
26 time for answering by the foreign, limited-liability company.

27 (d) The secretary of state shall keep a record of all processes, notices, and demands
28 served upon him or her under this section, and record in the record the time of the service and his
29 or her action on it. The secretary of state shall not be required to retain such information for a
30 period longer than five (5) years from receipt of the service of process.

31 (e) Nothing contained in these provisions limits or affects the right to serve any process,
32 notice or demand, required or permitted by law to be served upon a foreign, limited-liability
33 company in any manner now or subsequently permitted by law.

34 **7-16-54. Transaction of business by foreign, limited-liability company without**

1 **registration.**

2 (a) A foreign, limited-liability company transacting business in this state may not
3 maintain any action, suit, or proceeding in any court of this state until it has registered in this
4 state.

5 (b) The failure of a foreign, limited-liability company to register in this state does not
6 impair the validity of any contract or act of the foreign, limited-liability company or prevent the
7 foreign, limited-liability company from defending any action, suit or proceeding in any court of
8 this state.

9 (c) A foreign, limited-liability company, by transacting business in this state without
10 registration, appoints the secretary of state as its agent for service of process as to claims for relief
11 or causes of action arising out of the transaction of business in this state.

12 (d) A member of a foreign, limited-liability company is not liable for the debts and
13 obligations of the limited-liability company solely by reason of the company's having transacted
14 business in this state without a valid certificate of registration.

15 (e) Without excluding other activities ~~which~~ that may not constitute transacting business
16 in this state, a foreign, limited-liability company is not considered to be transacting business in
17 this state, for the purposes of this chapter, by reason of carrying on in this state any one or more
18 of the following activities:

19 (1) Maintaining or defending any action or suit or any administrative or arbitration
20 proceeding or effecting its settlement or the settlement of claims or disputes;

21 (2) Holding meetings of its members or carrying on any other activities concerning its
22 internal affairs;

23 (3) Maintaining bank accounts;

24 (4) Maintaining offices or agencies for the transfer, exchange and registration of the
25 foreign, limited-liability company's own securities or maintaining trustees or depositories with
26 respect to those securities;

27 (5) Effecting sales through independent contractors;

28 (6) Soliciting or obtaining orders, whether by mail or through employees or agents or
29 otherwise, where the orders require acceptance outside this state before becoming binding
30 contracts;

31 (7) Creating as borrower or lender or acquiring evidences of debt, mortgages, security
32 interests or liens on real or personal property;

33 (8) Securing or collecting debts or enforcing any rights in property securing the debts;

34 (9) Transacting any business in interstate commerce;

1 (10) Conducting an isolated transaction completed within a period of thirty (30) days and
2 not in the course of a number of repeated transactions of like nature;

3 (11) Acting as a general partner of a limited partnership ~~which~~ that has filed a certificate
4 of limited-partnership as provided in § 7-13-8 or has registered with the secretary of state as
5 provided in § ~~7-13-53~~ 7-16-49; and

6 (12) Acting as a member of a limited-liability company or of a foreign, limited-liability
7 company ~~which~~ that has registered with the secretary of state as provided in § 7-16-49.

8 **7-16-63. Effects of merger or consolidation.**

9 Following the consummation of a merger or consolidation in which the surviving entity
10 or the new entity is to be governed by the laws of this state:

11 (1) The constituent entities party to the plan of merger or consolidation shall be a single
12 entity, which, in the case of a merger shall be the entity designated in the plan of merger as the
13 surviving entity, and, in the case of a consolidation, shall be the new entity provided for in the
14 plan of consolidation.

15 (2) The separate existence of each constituent entity party to the plan of merger or
16 consolidation, except the surviving entity or the new entity, shall cease.

17 (3) The surviving entity or the new entity shall at that time and subsequently possess all
18 the rights, privileges, immunities, powers, and franchises, of a public as well as a private nature,
19 of each constituent entity and is subject to all the restrictions, disabilities, and duties of each of
20 the constituent entities to the extent the rights, privileges, immunities, powers, franchises,
21 restrictions, disabilities, and duties are applicable to the form of existence of the surviving entity
22 or the new entity.

23 (4) All property, real, personal and mixed, and all debts due on whatever account,
24 including promises to make capital contributions and subscriptions for shares, and all other
25 choices in action, and all and every other interest of or belonging to or due to each of the
26 constituent entities are vested in the surviving entity or the new entity without further act or deed.

27 (5) The title to all real estate and any interest in real estate vested in any constituent entity
28 does not revert or become in any way impaired because of the merger or consolidation.

29 (6) The surviving entity or the new entity is responsible and liable for all liabilities and
30 obligations of each of the merged or consolidated constituent entities, and any claim existing or
31 action or proceeding pending by or against any constituent entity may be prosecuted as if the
32 merger or consolidation had not taken place, or the surviving entity or the new entity may be
33 substituted in the action.

34 (7) Neither the rights of creditors nor any liens on the property of any constituent entity

1 are impaired by the merger or consolidation.

2 (8) In the case of a merger, depending upon whether the surviving entity is a limited-
3 liability company, a domestic corporation, or a domestic, limited partnership, the articles of
4 organization of the limited-liability company, articles of incorporation of the corporation, or
5 certificate of limited partnership of the limited partnership shall be amended to the extent
6 provided in the articles of merger.

7 ~~shall be amended to the extent provided in the articles of merger.~~

8 (9) In the case of a consolidation where the new entity is domestic, the statements set
9 forth in the articles of consolidation and which are required or permitted to be set forth in the
10 articles of organization, articles of incorporation, or certificate of limited partnership of the new
11 domestic entity, are deemed to be the original articles of organization, articles of
12 incorporation, or certificate of limited partnership of the new domestic entity.

13 ~~of the new domestic entity, are deemed to be the original articles of organization,~~
14 ~~articles of incorporation, or certificate of limited partnership of the new domestic entity.~~

15 (10) Unless otherwise agreed in the partnership agreement of a domestic, limited
16 partnership, a merger or consolidation in which a domestic, limited partnership is a constituent
17 entity, including a merger or consolidation in which a domestic, limited partnership is not the
18 surviving entity or the new entity, does not require the domestic, limited partnership to wind up
19 its affairs under § ~~7-13-45~~ 7-13-46 or pay its liabilities and distribute its assets under § ~~7-13-46~~ 7-
20 13-47.

21 (11) The membership or other interests in a limited-liability company, shares or other
22 interests in a corporation, partnership or other interests in a limited partnership that is a
23 constituent entity that are to be converted or exchanged into interests, shares or other securities,
24 cash, obligations or other property under the terms of the articles of merger or consolidation are
25 converted, and their former holders are entitled only to the rights provided in the articles of
26 merger or consolidation or the rights otherwise provided by law.

27 (12) Nothing in this chapter abridges or impairs any rights that may otherwise be
28 available to the members or shareholders or other holders of an interest in any constituent entity
29 under applicable law.

30 **7-16-64. Merger or consolidation with foreign entity.**

31 (a) Any merger or consolidation ~~which~~ that includes a foreign, limited-liability
32 company, foreign corporation or foreign, limited partnership as a constituent entity is subject to
33 the additional requirements that the merger or consolidation is permitted by the law of the state or
34 jurisdiction under whose laws each foreign constituent entity is organized or formed and each

1 foreign constituent entity complies with that law in effecting the merger or consolidation.

2 (b) If the surviving entity or the new entity is to be governed by the laws of any
3 jurisdiction other than this state, then the articles of merger or consolidation required by § 7-16-
4 62 shall also set forth:

5 (1) The agreement of the surviving entity or the new entity that it may be served with
6 process in this state in any proceeding for enforcement of any obligation of any constituent entity
7 party to the merger or consolidation that was organized under the laws of this state, as well as for
8 enforcement of any obligation of the surviving entity or the new entity arising from the merger or
9 consolidation; and

10 (2) The irrevocable appointment of the secretary of state as an agent for service of
11 process in the proceeding, and the surviving entity or the new entity shall specify the address to
12 which a copy of the process shall be mailed to it by the secretary of state.

13 (c) The effect of the merger or consolidation in which the surviving entity or the new
14 entity is to be governed by the laws of any jurisdiction other than this state, ~~the effect of the~~
15 ~~merger or consolidation~~ shall be the same as provided in § 7-16-63, except insofar as the laws of
16 ~~the~~ other jurisdiction provide otherwise.

17 **7-16-65. Filing, service, and copying fees.**

18 The secretary of state shall charge and collect:

19 (1) For filing the original articles of organization, a fee of one hundred fifty dollars
20 ~~(\$150)~~ ~~\$150.00~~;

21 (2) For amending, restating, or amending and restating the articles of organization, a fee
22 of fifty dollars (\$50.00) ~~\$50.00~~;

23 (3) For filing articles of merger or consolidation and issuing a certificate, a fee of one
24 hundred dollars (\$100) ~~\$100.00~~;

25 (4) For filing articles of dissolution, a fee of fifty dollars (\$50.00) ~~\$50.00~~;

26 (5) For issuing a certificate of good standing/letter of status, a fee of twenty dollars
27 (\$20.00);

28 (6) For issuing a certificate of fact, a fee of thirty dollars (\$30.00);

29 (7) For furnishing a certified copy of any document, instrument, or paper relating to a
30 domestic or foreign, limited-liability company, a fee of fifteen cents (\$.15) per page and ten
31 dollars (\$10.00) for the certificate and affirming the seal to it;

32 (8) For accepting an application for reservation of a name, or for filing a notice of the
33 transfer or cancellation of any name reservation, a fee of fifty dollars (\$50.00) ~~\$50.00~~;

34 (9) For filing a fictitious business name statement or abandonment of use of a fictitious

- 1 business name, a fee of fifty dollars (\$50.00) ~~\$50.00~~;
- 2 (10) For filing a statement of change of resident agent and address of registered agent, a
- 3 fee of twenty dollars (\$20.00) ~~\$20.00~~;
- 4 (11) For filing a statement of change of address only for a resident agent, no fee;
- 5 (12) For any service of notice, demand, or process on the registered agent of a foreign or
- 6 domestic, limited-liability company, a fee of fifteen dollars (\$15.00) ~~\$15.00~~, which amount may
- 7 be recovered as taxable costs by the party to ~~be sued~~ the suit, action, or proceeding causing the
- 8 service to be made if the party prevails in the suit;
- 9 (13) For filing an annual report, a fee of fifty dollars (\$50.00) ~~\$50.00~~;
- 10 (14) For filing a certificate of correction, a fee of fifty dollars (\$50.00) ~~\$50.00~~;
- 11 (15) For filing an application for registration as a foreign, limited-liability company, a fee
- 12 of one hundred fifty dollars (\$150) ~~\$150.00~~;
- 13 (16) For filing a certificate of amendment to the registration of a foreign, limited-liability
- 14 company, a fee of \$ fifty dollars (\$50.00) ~~\$50.00~~; ~~and~~
- 15 (17) For filing a certificate of cancellation of a foreign, limited-liability company, a fee of
- 16 seventy-five dollars (\$75.00) ~~\$75.00~~ ;
- 17 (18) At the time of any service of process upon the secretary of state as a resident agent
- 18 of a limited-liability company, fifteen dollars (\$15.00), which amount may be recovered as a
- 19 taxable ~~costs~~ cost by the party to the suit or action making the service if the party prevails in the
- 20 suit or action;
- 21 (19) For filing any other statement or report, except an annual report, of a domestic or
- 22 foreign, limited-liability company, a fee of ten dollars (\$10.00); ~~and~~
- 23 (20) For filing a certificate of conversion to a non-Rhode Island entity, a fee of fifty
- 24 dollars (\$50.00).

25 ARTICLE II—STATUTORY CONSTRUCTION

26 SECTION 16. Section 4-19-9 of the General Laws in Chapter 4-19 entitled "Animal

27 Care" is hereby amended to read as follows:

28 4-19-9. Operation as a pet shop, kennel, breeder or public auction without a license.

29 Any person who operates as a pet shop, kennel, breeder, or public auction without a

30 currently valid license shall, upon conviction, plea of guilty, or plea of nolo contendere, be

31 punished pursuant to § 4-19-11.3. Each day of operation shall constitute a separate offense.

32 Advertisement of services consistent with the operation of a pet shop, kennel, breeder or public

33 auction shall be sufficient evidence of operation of a pet shop, kennel, breeder, or public auction

34 as applicable.

1 SECTION 17. Section 5-65-3 of the General Laws in Chapter 5-65 entitled "Contractors'
2 Registration and Licensing Board" is hereby amended to read as follows:

3 **5-65-3. Registration for work on a structure required of contractor -- Issuance of**
4 **building permits to unregistered or unlicensed contractors prohibited -- Evidence of activity**
5 **as a contractor -- Duties of contractors.**

6 (a) A person shall not undertake, offer to undertake, or submit a bid to do work as a
7 contractor on a structure or arrange to have work done unless that person has a current, valid
8 certificate of registration for all construction work issued by the board. A partnership,
9 corporation, or joint venture may do the work; offer to undertake the work; or submit a bid to do
10 the work only if that partnership, corporation, or joint venture is registered for the work. In the
11 case of registration by a corporation or partnership, an individual shall be designated to be
12 responsible for the corporation's or partnership's work. The corporation or partnership and its
13 designee shall be jointly and severally liable for the payment of the registration fee, as **requested**
14 **required** in this chapter, and for violations of any provisions of this chapter. Disciplinary action
15 taken on a registration held by a corporation, partnership, or sole proprietor may affect other
16 registrations held by the same corporation, partnership, or sole proprietorship, and may preclude
17 future registration by the principal of that business entity.

18 (b) A registered partnership or corporation shall notify the board in writing immediately
19 upon any change in partners or corporate officers.

20 (c) A city, town, or the state shall not issue a building permit to anyone required to be
21 registered under this chapter who does not have a current, valid certificate of registration
22 identification card or valid license that shall be presented at the time of issuance of a permit and
23 shall become a condition of a valid permit. Each city, town, or the state that requires the issuance
24 of a permit as a condition precedent to construction, alteration, improvement, demolition,
25 movement, or repair of any building or structure or the appurtenance to the structure shall also
26 require that each applicant for the permit file, as a condition to issuing the permit, a written
27 affidavit subject to the penalties of perjury, subscribed by the applicant, that the applicant is
28 registered under the provisions of this chapter, giving the number of the registration and stating
29 that the registration is in full force and effect, or, if the applicant is exempt from the provisions of
30 this chapter, listing the basis for the exemption. The city, town, or the state shall list the
31 contractor's registration number on the permit obtained by that contractor, and if a homeowner is
32 issued a permit, the building inspector or official must ascertain registration numbers of each
33 contractor on the premises and shall inform the registration board of any non-registered
34 contractors performing work at the site.

1 (d) Every city and town that requires the issuance of a business license as a condition
2 precedent to engaging, within the city or town, in a business that is subject to regulation under
3 this chapter, shall require that each licensee and each applicant for issuance or renewal of the
4 license file, or has on file, with the city or town a signed statement that the licensee or applicant is
5 registered under the provisions of this chapter and stating that the registration is in full force and
6 effect.

7 (e) It shall be prima facie evidence of doing business as a contractor when a person for
8 that person's own use performs, employs others to perform, or for compensation and with the
9 intent to sell the structure, arranges to have performed any work described in § 5-65-1(3) if within
10 any one twelve-month (12) period that person offers for sale one or more structures on which that
11 work was performed.

12 (f) Registration under this chapter shall be prima facie evidence that the registrant
13 conducts a separate, independent business.

14 (g) The provisions of this chapter shall be exclusive and no city or town shall require or
15 shall issue any registrations or licenses nor charge any fee for the regulatory registration of any
16 contractor registered with the board. Nothing in this subsection shall limit or abridge the authority
17 of any city or town to license and levy and collect a general and nondiscriminatory license fee
18 levied upon all businesses, or to levy a tax based upon business conducted by any firm within the
19 city or town's jurisdiction, if permitted under the laws of the state.

20 (h) (1) Every contractor shall maintain a list that shall include the following information
21 about all subcontractors or other contractors performing work on a structure for that contractor:

22 (i) Names and addresses; and

23 (ii) Registration numbers or other license numbers.

24 (2) The list referred to in subsection (h)(1) of this section shall be delivered to the board
25 within twenty-four (24) hours after a request is made during reasonable working hours, or a fine
26 of twenty-five dollars (\$25.00) may be imposed for each offense.

27 (i) The following subcontractors who are not employees of a registered contractor must
28 obtain a registration certificate prior to conducting any work: (1) Carpenters, including finish
29 carpenters and framers; (2) Siding installers; (3) Roofers; (4) Foundation installers, including
30 concrete installers and form installers; (5) Drywall installers; (6) Plasterers; (7) Insulation
31 installers; (8) Ceramic tile installers; (9) Floor covering installers; (10) Swimming pool installers,
32 both above ground and in ground; (11) Masons, including chimney installers, fireplace installers,
33 and general masonry erectors. This list is not all inclusive and shall not be limited to the above-
34 referenced contractors. No subcontractor licensed by another in-state agency pursuant to § 5-65-2

1 shall be required to register, provided that said work is performed under the purview of that
2 license.

3 (j) A contractor including, but not limited to, a general contractor, shall not hire any
4 subcontractor or other contractor to work on a structure unless the contractor is registered under
5 this chapter or exempt from registration under the provisions of § 5-65-2.

6 (k) A summary of this chapter, prepared by the board and provided at cost to all
7 registered contractors, shall be delivered by the contractor to the owner when the contractor
8 begins work on a structure; failure to comply may result in a fine.

9 (l) The registration number of each contractor shall appear in any advertising by that
10 contractor. Advertising in any form by an unregistered contractor shall be prohibited, including
11 alphabetical or classified directory listings, vehicles, business cards, and all other forms of
12 advertisements. The violations could result in a penalty being assessed by the board per
13 administrative procedures established.

14 (i) The board may publish, revoke, or suspend registrations and the date the registration
15 was suspended or revoked on a quarterly basis.

16 (ii) Use of the word "license" in any form of advertising when only registered may
17 subject the registrant or those required to be registered to a fine of one hundred dollars (\$100) for
18 each offense at the discretion of the board.

19 (m) The contractor must see that permits required by the state building code are secured
20 on behalf of the owner prior to commencing the work involved. The contractor's registration
21 number must be affixed to the permit as required by the state building code.

22 (n) The board may assess an interest penalty of twelve percent (12%) annually when a
23 monetary award is ordered by the board.

24 (o) All work performed, including labor and materials, in excess of one thousand dollars
25 (\$1,000) shall be accompanied by a contract in writing. Contracts required pursuant to this
26 subsection shall include a location on or near the signature line location on or in which the parties
27 to the contract shall initial to evidence the receipt of certain consumer education materials or
28 information approved and provided by the board to the contractor. ~~Said~~ The educational
29 materials and/or information shall include, but not be limited to, the following notice and shall be
30 provided by the contractor to the homeowner:

31 NOTICE OF POSSIBLE MECHANIC'S LIEN

32 To: Insert name of owner, lessee or tenant, or owner of less than the simple fee.

33 The undersigned is about to perform work and/or furnish materials for the construction,
34 erection, alterations or repair upon the land at (INSERT ADDRESS) under contract with you.

1 This is a notice that the undersigned and any other persons who provide labor and materials for
2 the improvement under contract with the undersigned may file a mechanic's lien upon the land in
3 the event of nonpayment to them. It is your responsibility to assure yourself that those other
4 persons under contract with the undersigned receive payment for their work performed and
5 materials furnished for the construction, erection, alteration or repair upon the land.

6 Failure to adhere to the provisions of this subsection may result in a one-thousand-dollar
7 (\$1,000) fine against the contractor and shall not affect the right of any other person performing
8 work or furnishing materials of claiming a lien pursuant to chapter 28 of title 34. However, such
9 person failing to provide such notice shall indemnify and hold harmless any owner, lessee or
10 tenant, or owner of less than the fee simple from any payment or costs incurred on account of any
11 liens claims by those not in privity with them, unless such owner, lessee or tenant, or owner of
12 less than the fee simple shall not have paid such person.

13 (p) Contracts entered into must contain notice of right of rescission as stipulated in all
14 pertinent Rhode Island consumer protection laws and/or § 5-65-27 if applicable.

15 (q) The contractor must stipulate whether or not all the proper insurances are in effect for
16 each job contracted.

17 (r) Contractors who are in compliance with the provisions of this subsection shall be
18 exempt from the requirements of § 34-28-4.1.

19 (s) In addition to the requirements of this chapter, contractors engaged in well drilling
20 activities shall also be subject to regulations pertaining to licensing and registration promulgated
21 by the contractors' registration and licensing board pursuant to chapter 65.2 of this title and § 46-
22 13.2-4.

23 SECTION 18. Section 11-9-13.13 of the General Laws in Chapter 11-9 entitled
24 "Children" is hereby amended to read as follows:

25 **11-9-13.13. Nature and size of penalties. [Effective until January 1, 2018.].**

26 (a) Any person or individual who violates a requirement of § 11-9-13.6(2), display of
27 specific signage, shall be subject to a fine in court of not less than thirty-five dollars (\$35.00), nor
28 more than five hundred dollars (\$500), per civil violation.

29 (b) The license holder is responsible for all violations of this section that occur at the
30 location for which the license is issued. Any license holder that violates the prohibition of § 11-9-
31 13.8(1) and/or (2) shall be subject to civil fines as follows:

32 (1) A fine of two hundred fifty dollars (\$250) for the first violation within any thirty-six-
33 month (36) period;

34 (2) A fine of five hundred dollars (\$500) for the second violation within any thirty-six-

1 month (36) period;

2 (3) A fine of one thousand dollars (\$1,000) and a fourteen-day (14) suspension of the
3 license to sell tobacco products or electronic nicotine-delivery systems for the third violation
4 within any thirty-six-month (36) period;

5 (4) A fine of one thousand five hundred dollars (\$1,500) and a ninety-day (90)
6 suspension of the license to sell tobacco products or electronic nicotine-delivery systems for each
7 violation in excess of three (3).

8 (c) Any person who or that violates a prohibition of § 11-9-13.8(3), sale of single
9 cigarettes; or § 11-9-13.8(2), regarding factory-wrapped packs; shall be subject to a penalty of
10 five hundred dollars (\$500) for each violation.

11 (d) The department of taxation and/or the department of health shall not issue a license to
12 any individual, business, firm, association, or corporation the license of which has been revoked
13 or suspended, to any corporation an officer of which has had his or her license revoked or
14 suspended, or to any individual who is, or has been, an officer of a corporation the license of
15 which has been revoked or suspended so long as such revocations or suspensions are in effect.

16 (e) The court shall suspend the imposition of a license suspension of the license secured
17 from the Rhode Island tax administrator for violation of subdivisions (b)(3) and (b)(4) of this
18 section if the court finds that the license holder has taken measures to prevent the sale of tobacco
19 and/or electronic nicotine-delivery systems to minors and the license holder can demonstrate to
20 the court that those measures have been taken and that employees have received training. No
21 person shall sell tobacco products and/or electronic nicotine-delivery system products at retail
22 without first being trained in the legal sale of tobacco and/or electronic nicotine-delivery system
23 products. Training shall teach employees what constitutes a tobacco and/or electronic nicotine-
24 delivery system product; legal age of purchase; acceptable identification; how to refuse a direct
25 sale to a minor or secondary sale to an adult; and all applicable laws on tobacco sales and
26 distribution. Dealers shall maintain records indicating that the provisions of this section were
27 reviewed with all employees who conduct, or will conduct, tobacco and/or electronic nicotine-
28 delivery systems sales. Each employee who sells or will sell tobacco and/or electronic nicotine-
29 delivery system products shall sign an acknowledgement form attesting that the provisions of this
30 section were reviewed with him or her. Each form shall be maintained by the retailer for as long
31 as the employee is so employed and for no less than one year after termination of employment.
32 The measures to prevent the sale of tobacco and/or electronic nicotine-delivery systems to minors
33 shall be defined by the department of behavioral healthcare, developmental disabilities and
34 hospitals in rules and regulations.

1 **11-9-13.13. Nature and size of penalties. [Effective January 1, 2018.]**

2 (a) Any person or individual who violates a requirement of § 11-9-13.6(2), display of
3 specific signage, shall be subject to a fine in court of not less than thirty-five dollars (\$35.00), nor
4 more than five hundred dollars (\$500), per civil violation.

5 (b) The license holder is responsible for all violations of this section that occur at the
6 location for which the license is issued. Any license holder who or that violates the prohibition of
7 § 11-9-13.8(1) and/or (2) or § 11-9-13.20 shall be subject to civil fines as follows:

8 (1) A fine of two hundred fifty dollars (\$250) for the first violation within any thirty-six-
9 month (36) period;

10 (2) A fine of five hundred dollars (\$500) for the second violation within any thirty-six-
11 month (36) period;

12 (3) A fine of one thousand dollars (\$1,000) and a fourteen-day (14) suspension of the
13 license to sell tobacco products or electronic nicotine-delivery systems for the third violation
14 within any thirty-six-month (36) period;

15 (4) A fine of one thousand five hundred dollars (\$1,500) and a ninety-day (90)
16 suspension of the license to sell tobacco products or electronic nicotine-delivery systems for each
17 violation in excess of three (3).

18 (c) Any person who or that violates a prohibition of § 11-9-13.8(3), sale of single
19 cigarettes; **or** § 11-9-13.8(2), regarding factory-wrapped packs; shall be subject to a penalty of
20 five hundred dollars (\$500) for each violation.

21 (d) The department of taxation and/or the department of health shall not issue a license to
22 any individual, business, firm, association, or corporation, the license of which has been revoked
23 or suspended; to any corporation, an officer of which has had his or her license revoked or
24 suspended; or to any individual who is, or has been, an officer of a corporation the license of
25 which has been revoked or suspended so long as such revocations or suspensions are in effect.

26 (e) The court shall suspend the imposition of a license suspension of the license secured
27 from the Rhode Island tax administrator for violation of subsections (b)(3) and (b)(4) of this
28 section if the court finds that the license holder has taken measures to prevent the sale of tobacco
29 and/or electronic nicotine-delivery systems to minors and the license holder can demonstrate to
30 the court that those measures have been taken and that employees have received training. No
31 person shall sell tobacco products and/or electronic nicotine-delivery system products at retail
32 without first being trained in the legal sale of tobacco and/or electronic nicotine-delivery system
33 products. Training shall teach employees what constitutes a tobacco and/or electronic nicotine-
34 delivery system product; legal age of purchase; acceptable identification; how to refuse a direct

1 sale to a minor or secondary sale to an adult; and all applicable laws on tobacco sales and
2 distribution. Dealers shall maintain records indicating that the provisions of this section were
3 reviewed with all employees who conduct, or will conduct, tobacco and/or electronic nicotine-
4 delivery systems sales. Each employee who sells or will sell tobacco and/or electronic nicotine-
5 delivery system products shall sign an acknowledgement form attesting that the provisions of this
6 section were reviewed with him or her. Each form shall be maintained by the retailer for as long
7 as the employee is so employed and for no less than one year after termination of employment.
8 The measures to prevent the sale of tobacco and/or electronic nicotine-delivery systems to minors
9 shall be defined by the department of behavioral healthcare, developmental disabilities and
10 hospitals in rules and regulations.

11 SECTION 19. Section 27-9-4 of the General Laws in Chapter 27-9 entitled "Casualty
12 Insurance Rating" is hereby amended to read as follows:

13 **27-9-4. Considerations in making of rates -- Cancellation of policy.**

14 (a) All rates shall be made in accordance with the following provisions:

15 (1) (i) Due consideration shall be given to past and prospective loss experience within
16 and outside this state, to catastrophe hazards, if any, to a reasonable margin for underwriting
17 profit and contingencies, to dividends, savings, or unabsorbed premium deposits allowed or
18 returned by insurers to their policyholders, members, or subscribers, to past and prospective
19 expenses both countrywide and those specially applicable to this state, and to all other relevant
20 factors within and outside this state; provided, that no consideration shall be given to:

21 (A) Any loss or incident involving a bus driver, while in the course of his or her
22 employment for the Rhode Island public transit authority or private or municipal school bus
23 companies, in establishing or maintaining that driver's rate respecting the operation of a personal
24 motor vehicle or vehicles;

25 (B) Any loss or incident involving a law enforcement officer, while in the course of his or
26 her employment for the state, city, town police departments, or federal law enforcement agency,
27 in establishing or maintaining that driver's rate respecting the operation of a personal motor
28 vehicle or vehicles; and

29 (C) Any loss or incident involving a commercial vehicle driver, while in the course of his
30 or her employment, in establishing or maintaining that driver's rate respecting the operation of a
31 personal motor vehicle(s);

32 (ii) It shall be the responsibility of a commercial vehicle driver to provide his or her
33 insurance company with proof that the loss or incident took place in the course of employment
34 while operating a commercial vehicle. For the purposes of this section, a "commercial vehicle"

1 shall be a motor vehicle with a gross weight in excess of ten thousand (10,000) pounds or a motor
2 vehicle used for public livery;

3 (2) The systems of expense provisions included in the rates for use by any insurer or
4 group of insurers may differ from those of other insurers or groups of insurers to reflect the
5 requirements of the operating methods of any insurer or group with respect to any kind of
6 insurance, or with respect to any subdivision or combination of insurance for which subdivision
7 or combination separate expense provisions are applicable;

8 (3) Risks may be grouped by classifications for the establishment of rates and minimum
9 premiums;

10 (4) Rates shall not be excessive, inadequate, or unfairly discriminatory; and

11 (5) In establishing or maintaining an insured's rate or classification respecting the
12 operation of a personal motor vehicle, any insured sixty-five (65) years of age or older, who
13 meets the criteria set forth in this section and has not had any chargeable accidents or moving
14 violations within three (3) years preceding the establishment of the rate of insurance or
15 classification, shall not be penalized solely by reason of his or her age.

16 (b) No insurance company shall fail to renew a private passenger automobile policy
17 because of a loss of occurrence only, unless a chargeable loss occurrence of one thousand five
18 hundred dollars (\$1,500) or more than two (2) nonchargeable loss occurrences, involving the
19 insured, have taken place within the annual policy year.

20 (c) (1) No insurance company shall fail to renew a private passenger automobile policy
21 solely because the insured has attained the age of sixty-five (65) years or older;

22 (2) Whenever the commissioner of insurance shall have reason to believe that any
23 insurance company has refused to renew a private passenger automobile policy solely because the
24 applicant has reached the age of sixty-five (65) years or older, the commissioner shall notify the
25 company that it may be in violation of this section and in his or her discretion he or she may
26 require a hearing to determine whether or not the company has actually been engaged in the
27 practice stated in this subsection. Any hearing held under this section shall in all respects comply
28 with the hearing procedure provided in the Administrative Procedures Act, chapter 35 of title 42;

29 (3) If after the hearing the commissioner shall determine that the company has engaged in
30 the practice of systematically failing to renew private passenger automobile policies because of
31 the advanced age of the insured, he or she shall reduce his or her findings to writing and shall
32 issue and cause to be served upon the company an order to cease and desist from engaging in
33 those practices. After the issuance of the cease and desist order, if the commissioner finds that the
34 company has continued to engage in those practices, he or she shall impose upon the company a

1 fine not to exceed the amount of one thousand dollars (\$1,000) for each separate violation.

2 (4) Any company aggrieved by any order or decision of the commissioner of insurance
3 may appeal the order and decision to the superior court of Providence in accordance with the
4 Administrative Procedures Act, chapter 35 of title 42.

5 (d) No insurance group, carrier, or company in establishing any premium surcharge or
6 penalty relative to a specific motor vehicle policy, shall consider any accident or any claim where
7 any insured covered by that policy is fifty percent (50%) or less at fault.

8 (e) No insurance group, carrier, or company shall assess any premium surcharge against
9 any insured covered by a motor vehicle policy where a property damage claim payment is less
10 than one thousand five hundred dollars (\$1,500).

11 (f) No insurance group, carrier, or company shall refuse to issue motor vehicle liability
12 insurance, impose a surcharge, or otherwise increase the rate for a motor vehicle policy solely
13 because the applicant is a volunteer driver. Volunteer driver is defined as a person who provides
14 services without compensation to a nonprofit agency or charitable organization.

15 SECTION 20. Sections 27-18.9-2 and 27-18.9-7 of the General Laws in Chapter 27-18.9
16 entitled "Benefit Determination and Utilization Review Act [Effective January 1, 2018.]" are
17 hereby amended to read as follows:

18 **27-18.9-7. Internal appeal procedural requirements. [Effective January 1, 2018.]**

19 (a) Administrative and non-administrative appeals. The review agent shall conform to the
20 following for the internal appeal of administrative or non-administrative, adverse benefit
21 determinations:

22 (1) The review agent shall maintain and make available a written description of its appeal
23 procedures by which either the beneficiary or the provider of record may seek review of
24 determinations not to authorize health-care services.

25 (2) The process established by each review agent may include a reasonable period within
26 which an appeal must be filed to be considered and that period shall not be less than one hundred
27 eighty (180) calendar days after receipt of the adverse benefit determination notice.

28 (3) During the appeal, a review agent may utilize a reconsideration process in assessing
29 an adverse benefit determination. If utilized, the review agent shall develop a reasonable
30 reconsideration and appeal process, in accordance with this section. For non-administrative,
31 adverse benefit determinations, the period for the reconsideration may not exceed fifteen (15)
32 days from the date the request for reconsideration or appeal is received. The review agent shall
33 notify the beneficiary and/or provider of the reconsideration determination with the form and
34 content described in § 27-18.9-6(b), as appropriate. Following the decision on reconsideration,

1 the beneficiary and/or provider shall have a period of forty-five (45) calendar days during which
2 the beneficiary and/or provider may request an appeal of the reconsideration decision and/or
3 submit additional information.

4 (4) Prior to a final internal appeal decision, the review agent must allow the claimant to
5 review the entire adverse determination and appeal file and allow the claimant to present evidence
6 and/or additional testimony as part of the internal appeal process.

7 (5) A review agent is only entitled to request and review information or data relevant to
8 the benefit determination and utilization review processes.

9 (6) The review agent shall maintain records of written adverse benefit determinations,
10 reconsiderations, appeals and their resolution, and shall provide reports as requested by the office.

11 (7) (i) The review agent shall notify, in writing, the beneficiary and/or provider of record
12 of its decision on the administrative appeal in no case later than thirty (30) calendar days after
13 receipt of the request for the review of an adverse benefit determination for pre-service claims,
14 and sixty (60) days for post-service claims, commensurate with 29 C.F.R. § 2560.503-1(i)(2)(ii)
15 and (iii).

16 (ii) The review agent shall notify, in writing, the beneficiary and provider of record of its
17 decision on the non-administrative appeal as soon as practical considering medical circumstances,
18 but in no case later than thirty (30) calendar days after receipt of the request for the review of an
19 adverse benefit determination, inclusive of the period to conduct the reconsideration, if any. The
20 timeline for decision on appeal is paused from the date on which the determination on
21 reconsideration is sent to the beneficiary and/or provider and restarted when the beneficiary
22 and/or provider submits additional information and/or a request for appeal of the reconsideration
23 decision.

24 (8) The review agent shall also provide for an expedited appeal process for urgent and
25 emergent situations taking into consideration medical exigencies. Notwithstanding any other
26 provision of this chapter, each review agent shall complete the adjudication of expedited appeals,
27 including notification of the beneficiary and provider of record of its decision on the appeal, not
28 later than seventy-two (72) hours after receipt of the claimant's request for the appeal of an
29 adverse benefit determination.

30 (9) Benefits for an ongoing course of treatment cannot be reduced or terminated without
31 providing advance notice and an opportunity for advance review. The review agent or health-care
32 entity is required to continue coverage pending the outcome of an appeal.

33 (10) A review agent may not disclose or publish individual medical records or any
34 confidential information obtained in the performance of benefit determination or utilization

1 review activities. A review agent shall be considered a third-party health insurer for the purposes
2 of § 5-37.3-6(b)(6) and shall be required to maintain the security procedures mandated in § 5-
3 37.3-4(c).

4 (b) Non-administrative appeals. In addition to subsection (a) of this section the utilization
5 review agent shall conform to the following for its internal appeals adverse benefit
6 determinations:

7 (1) A claimant is deemed to have exhausted the internal claims appeal process when the
8 utilization review agent or health-care entity fails to strictly adhere to all benefit determination
9 and appeal processes with respect to a claim. In this case the claimant may initiate an external
10 appeal or remedies under section 502(a) of the Employee Retirement Income Security Act of
11 1974, 29 U.S.C. § 1001 et seq., or other state and federal law, as applicable.

12 (2) No reviewer under this section, who has been involved in prior reviews or in the
13 adverse benefit determination under appeal or who has participated in the direct care of the
14 beneficiary, may participate in reviewing the case under appeal.

15 (3) All internal-level appeals of utilization review determinations not to authorize a
16 health-care service that had been ordered by a physician, dentist, or other provider shall be made
17 according to the following:

18 (i) The reconsideration decision of a non-administrative, adverse benefit determination
19 shall not be made until the utilization review agent's professional provider with the same
20 licensure status as typically manages the condition, procedure, treatment, or requested service
21 under discussion has spoken to, or otherwise provided for, an equivalent two-way, direct
22 communication with the beneficiary's attending physician, dentist, other professional provider, or
23 other qualified professional provider responsible for treatment of the beneficiary concerning the
24 services under review.

25 (ii) A review agent who does not utilize a reconsideration process must comply with the
26 peer-review obligation described in subsection (b)(3)(i) of this section as part of the appeal
27 process.

28 (iii) When the appeal of any adverse benefit determination, including an appeal of a
29 reconsideration decision, is based in whole or in part on medical judgment, including
30 determinations with regard to whether a particular service, treatment, drug, or other item is
31 experimental, investigational or not medically necessary or appropriate, the reviewer making the
32 appeal decision must be appropriately trained having the same licensure status as the ordering
33 provider or be a physician or dentist and be in the same or similar specialty as typically manages
34 the condition. These qualifications must be provided to the claimant upon request.

1 (iv) The utilization review agency reviewer must document and sign their decisions.

2 (4) The review agent must ensure that an appropriately licensed practitioner or licensed
3 physician is reasonably available to review the case as required under this subsection (b) and shall
4 conform to the following:

5 (i) Each agency peer reviewer shall have access to and review all necessary information
6 as requested by the agency and/or submitted by the provider(s) and/or beneficiaries;

7 (ii) Each agency shall provide accurate peer review contact information to the provider at
8 the time of service, if requested, and/or prior to such service, if requested. This contact
9 information must provide a mechanism for direct communication with the agency's peer
10 reviewer; and

11 (iii) Agency peer reviewers shall respond to the provider's request for a two-way, direct
12 communication defined in this subsection (b) as follows:

13 (A) For a prospective review of non-urgent and non-emergent health-care services, a
14 response within one business day of the request for a peer discussion;

15 (B) For concurrent and prospective reviews of urgent and emergent health-care services,
16 a response within a reasonable period of time of the request for a peer discussion; and

17 (C) For retrospective reviews, prior to the internal-level appeal decision.

18 (5) The review agency will have met the requirements of a two-way, direct
19 communication, when requested and/or as required prior to the internal level of appeal, when it
20 has made two (2) reasonable attempts to contact the attending provider directly. Repeated
21 violations of this section shall be deemed to be substantial violations pursuant to § 27-18.9-9 and
22 shall be cause for the imposition of penalties under that section.

23 (6) For the appeal of an adverse benefit determination decision that a drug is not covered,
24 the review agent shall complete the internal-appeal determination and notify the claimant of its
25 determination:

26 (i) No later than seventy-two (72) hours following receipt of the appeal request; or

27 (ii) No later than twenty-four (24) hours following the receipt of the appeal request in
28 cases where the beneficiary is suffering from a health condition that may seriously jeopardize the
29 beneficiary's life, health, or ability to regain maximum function or when an beneficiary is
30 undergoing a current course of treatment using a non-formulary drug.

31 (iii) And if approved on appeal, coverage of the non-formulary drug must be provided for
32 the duration of the prescription, including refills unless expedited then for the duration of the
33 exigency.

34 (7) The review agents using clinical criteria and medical judgment in making utilization

1 review decisions shall comply with the following:

2 (i) The requirement that each review agent shall provide its clinical criteria to OHIC upon
3 request;

4 (ii) Provide and use written clinical criteria and review procedures established according
5 to nationally accepted standards, evidence-based medicine and protocols that are periodically
6 evaluated and updated or other reasonable standards required by the commissioner;

7 (iii) Establish and employ a process to incorporate and consider local variations to
8 national standards and criteria identified herein including without limitation, a process to
9 incorporate input from local participating providers; and

10 (iv) Updated description of clinical decision criteria to be available to beneficiaries,
11 providers, and the office upon request and readily available **and** accessible on the health-care
12 entity or the review agent's website.

13 (8) The review agent shall maintain records of written, adverse benefit determination
14 reconsiderations and appeals to include their resolution, and shall provide reports and other
15 information as requested by the office.

16 **27-18.9-2. Definitions. [Effective January 1, 2018.].**

17 As used in this chapter, the following terms are defined as follows:

18 (1) "Adverse benefit determination" means a decision not to authorize a health-care
19 service, including a denial, reduction, or termination of, or a failure to provide or make a
20 payment, in whole or in part, for a benefit. A decision by a utilization-review agent to authorize a
21 health-care service in an alternative setting, a modified extension of stay, or an alternative
22 treatment shall not constitute an adverse determination if the review agent and provider are in
23 agreement regarding the decision. Adverse benefit determinations include:

24 (i) "Administrative adverse benefit determinations," meaning any adverse benefit
25 determination that does not require the use of medical judgment or clinical criteria such as a
26 determination of an individual's eligibility to participate in coverage, a determination that a
27 benefit is not a covered benefit, or any rescission of coverage; and

28 (ii) "Non-administrative adverse benefit determinations," meaning any adverse benefit
29 determination that requires or involves the use of medical judgement or clinical criteria to
30 determine whether the service being reviewed is medically necessary and/or appropriate. This
31 includes the denial of treatments determined to be experimental or investigational, and any denial
32 of coverage of a prescription drug because that drug is not on the health-care entity's formulary.

33 (2) "Appeal" or "internal appeal" means a subsequent review of an adverse benefit
34 determination upon request by a claimant to include the beneficiary or provider to reconsider all

1 or part of the original adverse benefit determination.

2 (3) "Authorization" means a review by a review agent, performed according to this
3 chapter, concluding that the allocation of health-care services ordered by a provider, given or
4 proposed to be given to a beneficiary, was approved or authorized.

5 (4) "Authorized representative" means an individual acting on behalf of the beneficiary
6 and shall include: the ordering provider; any individual to whom the beneficiary has given
7 express written consent to act on his or her behalf; a person authorized by law to provide
8 substituted consent for the beneficiary; and, when the beneficiary is unable to provide consent, a
9 family member of the beneficiary.

10 (5) "Beneficiary" means a policy-holder subscriber, enrollee, or other individual
11 participating in a health-benefit plan.

12 (6) "Benefit determination" means a decision to approve or deny a request to provide or
13 make payment for a health-care service or treatment.

14 (7) "Certificate" means a certificate granted by the commissioner to a review agent
15 meeting the requirements of this chapter.

16 (8) "Claim" means a request for plan benefit(s) made by a claimant in accordance with
17 the health-care entity's reasonable procedures for filing benefit claims. This shall include pre-
18 service, concurrent, and post-service claims.

19 (9) "Claimant" means a health-care entity participant, beneficiary, and/or authorized
20 representative who makes a request for plan benefit(s).

21 (10) "Commissioner" means the health insurance commissioner.

22 (11) "Complaint" means an oral or written expression of dissatisfaction by a beneficiary,
23 authorized representative, or a provider. The appeal of an adverse benefit determination is not
24 considered a complaint.

25 (12) "Concurrent assessment" means an assessment of health-care services conducted
26 during a beneficiary's hospital stay, course of treatment or services over a period of time, or for
27 the number of treatments. If the medical problem is ongoing, this assessment may include the
28 review of services after they have been rendered and billed.

29 (13) "Concurrent claim" means a request for a plan benefit(s) by a claimant that is for an
30 ongoing course of treatment or services over a period of time or for the number of treatments.

31 (14) "Delegate" means a person or entity authorized pursuant to a delegation of authority
32 or re-delegation of authority, by a health-care entity or network plan to perform one or more of
33 the functions and responsibilities of a health-care entity and/or network plan set forth in this
34 chapter or regulations or guidance promulgated thereunder.

1 (15) "Emergency services" or "emergent services" means those resources provided in the
2 event of the sudden onset of a medical, behavioral health, or other health condition that the
3 absence of immediate medical attention could reasonably be expected, by a prudent layperson, to
4 result in placing the patient's health in serious jeopardy, serious impairment to bodily or mental
5 functions, or serious dysfunction of any bodily organ or part.

6 (16) "External review" means a review of a non-administrative adverse benefit
7 determination (including final internal adverse benefit determination) conducted pursuant to an
8 applicable external review process performed by an independent review organization.

9 (17) "External review decision" means a determination by an independent review
10 organization at the conclusion of the external review.

11 (18) "Final internal adverse benefit determination" means an adverse benefit
12 determination that has been upheld by a plan or issuer at the completion of the internal appeals
13 process or when the internal appeals process has been deemed exhausted as defined in § 27-18.9-
14 7(b)(1).

15 (19) "Health-benefit plan" or "health plan" means a policy, contract, certificate, or
16 agreement entered into, offered, or issued by a health-care entity to provide, deliver, arrange for,
17 pay for, or reimburse any of the costs of health-care services.

18 (20) "Health-care entity" means an insurance company licensed, or required to be
19 licensed, by the state of Rhode Island or other entity subject to the jurisdiction of the
20 commissioner or the jurisdiction of the department of business regulation pursuant to chapter 62
21 of title 42, that contracts or offers to contract, or enters into an agreement to provide, deliver,
22 arrange for, pay for, or reimburse any of the costs of health-care services, including, without
23 limitation: a for-profit or nonprofit hospital, medical or dental service corporation or plan, a
24 health maintenance organization, a health insurance company, or any other entity providing a
25 plan of health insurance, accident and sickness insurance, health benefits, or health-care services.

26 (21) "Health-care services" means and includes, but is not limited to: an admission,
27 diagnostic procedure, therapeutic procedure, treatment, extension of stay, the ordering and/or
28 filling of formulary or non-formulary medications, and any other medical, behavioral, dental,
29 vision care services, activities, or supplies that are covered by the beneficiary's health-benefit
30 plan.

31 (22) "Independent review organization" or "IRO" means an entity that conducts
32 independent external reviews of adverse benefit determinations or final internal adverse benefit
33 determinations.

34 (23) "Network" means the group or groups of participating providers providing health-

1 care services under a network plan.

2 (24) "Network plan" means a health-benefit plan or health plan that either requires a
3 beneficiary to use, or creates incentives, including financial incentives, for a beneficiary to use
4 the providers managed, owned, under contract with, or employed by the health-care entity.

5 (25) "Office" means the office of the health insurance commissioner.

6 (26) "Pre-service claim" means the request for a plan benefit(s) by a claimant prior to a
7 service being rendered and is not considered a concurrent claim.

8 (27) "Professional provider" means an individual provider or health-care professional
9 licensed, accredited, or certified to perform specified health-care services consistent with state
10 law and who provides health-care services and is not part of a separate facility or institutional
11 contract.

12 (28) "Prospective assessment" ~~and/or~~ or "pre-service assessment" ~~mean~~ means an
13 assessment of health-care services prior to services being rendered.

14 (29) "Provider" means a physician, hospital, professional provider, pharmacy, laboratory,
15 dental, medical, or behavioral health provider or other state-licensed or other state-recognized
16 provider of health care or behavioral health services or supplies.

17 (30) "Retrospective assessment" ~~and/or~~ or "post-service assessment" means an
18 assessment of health-care services that have been rendered. This shall not include reviews
19 conducted when the review agency has been obtaining ongoing information.

20 (31) "Retrospective claim" or "post-service claim" means any claim for a health-plan
21 benefit that is not a pre-service or concurrent claim.

22 (32) "Review agent" means a person or health-care entity performing benefit
23 determination reviews that is either employed by, affiliated with, under contract with, or acting on
24 behalf of a health-care entity.

25 (33) "Same or similar specialty" means a practitioner who has the appropriate training
26 and experience that is the same or similar as the attending provider in addition to experience in
27 treating the same problems to include any potential complications as those under review.

28 (34) "Therapeutic interchange" means the interchange or substitution of a drug with a
29 dissimilar chemical structure within the same therapeutic or pharmacological class that can be
30 expected to have similar outcomes and similar adverse reaction profiles when given in equivalent
31 doses, in accordance with protocols approved by the president of the medical staff or medical
32 director and the director of pharmacy.

33 (35) "Tiered network" means a network that identifies and groups some or all types of
34 providers into specific groups to which different provider reimbursement, beneficiary cost-

1 sharing, or provider access requirements, or any combination thereof, apply for the same services.

2 (36) "Urgent health-care services" includes those resources necessary to treat a
3 symptomatic medical, mental health, substance use, or other health-care condition that a prudent
4 layperson, acting reasonably, would believe necessitates treatment within a twenty-four ~~(24)~~ hour
5 (24) period of the onset of such a condition in order that the patient's health status not decline as a
6 consequence. This does not include those conditions considered to be emergent health-care
7 services as defined in in this section.

8 (37) "Utilization review" means the prospective, concurrent, or retrospective assessment
9 of the medical necessity and/or appropriateness of the allocation of health-care services of a
10 provider, given or proposed to be given, to a beneficiary. Utilization review does not include:

11 (i) The therapeutic interchange of drugs or devices by a pharmacy operating as part of a
12 licensed inpatient health-care facility; or

13 (ii) The assessment by a pharmacist licensed pursuant to the provisions of chapter ~~19~~ 19.1
14 of title 5, and practicing in a pharmacy operating as part of a licensed inpatient health-care
15 facility, in the interpretation, evaluation and implementation of medical orders, including
16 assessments and/or comparisons involving formularies and medical orders.

17 (38) "Utilization review plan" means a description of the standards governing utilization
18 review activities performed by a review agent.

19 SECTION 21. Section 31-3-85 of the General Laws in Chapter 31-3 entitled
20 "Registration of Vehicles" is hereby amended to read as follows:

21 **31-3-85. Special plate for the New England Patriots Charitable Foundation.**

22 (a) The administrator of the division of motor vehicles is empowered to make available
23 special motor vehicle registration plates for passenger vehicles based upon the not-for-profit
24 entity, the New England Patriots Charitable Foundation, for any motor vehicle eligible for
25 registration as an automobile, commercial vehicle having a gross weight of ten thousand pounds
26 (10,000 lbs.) or less, or combination vehicle.

27 (b) The special plate shall be displayed upon the same registration number assigned to the
28 vehicle for which it was issued and shall be used in place of and in the same manner as the
29 registration plates issued to the vehicle. The original registration plates for the vehicle shall be
30 removed from the vehicle and the registration certificate for the plates shall be carried in the
31 vehicle, in accordance with § 31-3-9. The registration certificate shall be in effect for the special
32 plate. The administrator shall be authorized to retain newly issued plate numbers, at his or her
33 discretion, for the purpose of conducting auctions of the right to use and display those numbers
34 under such terms and conditions as the administrator may permit.

1 Auction proceeds shall be apportioned and distributed for charitable purposes, in the
2 discretion of the administrator, in accordance with such agreements as may be entered into with
3 those entities holding ownership rights to the logos. The administrator is hereby authorized to
4 enter into agreements for the use of logos on Rhode Island registration plates.

5 (c) The New England Patriots Charitable Foundation motor vehicle plates shall be the
6 same size as regular motor vehicle plates and shall be designed in conjunction with the division of
7 motor vehicles, with design approval by the Rhode Island State Police.

8 (d) New England Patriots Charitable Foundation plates shall be subject to a minimum
9 pre-paid order of at least nine hundred (900) plates with respect to each plate type authorized
10 pursuant to this section. New England Patriots Charitable Foundation plates shall not be issued
11 unless the minimum order requirements are met. The initial order will be handled by the New
12 England Patriots Charitable Foundation and shall not be submitted to the division of motor
13 vehicles for the production until the minimum order has been met and the proper paperwork
14 submitted to the division. Subsequent New England Patriots Charitable Foundation plate orders
15 will be handled by the division of motor vehicles.

16 (e) The administrator of motor vehicles shall develop application forms, prepayment
17 procedures, and any other procedures deemed necessary to carry out the purposes of this section.

18 (f) In addition to the regular prescribed motor vehicle registration fee, New England
19 Patriots Charitable Foundation plates shall be subject to a forty-dollar (\$40.00) issuance
20 surcharge.

21 (g) The forty-dollar (\$40.00) issuance surcharge shall be allocated as follows: twenty
22 dollars (\$20.00) shall be allocated to the general fund and the remaining twenty dollars (\$20.00)
23 shall be distributed annually to the New England Patriots Charitable Foundation in furtherance of
24 its mission of assisting the youth and families of New England through donations that foster
25 cultural diversity, education, family, and health.

26 (h) A ten-dollar (\$10.00) surcharge for subsequent registration renewals shall be allocated
27 to the New England Patriots Charitable Foundation.

28 (i) In consideration of the receipt of funds from the registration of New England Patriots
29 Charitable Foundation [plates](#), the foundation must use any Rhode Island sourced funds in and for
30 the benefit of Rhode Island-based charitable organizations.

31 (j) The New England Patriots Charitable Foundation will be required to submit an annual
32 accounting report before such monies are distributed.

33 (k) There shall be no refunds for early cancellation of New England Patriots Charitable
34 Foundation plates.

1 SECTION 22. Sections 31-10-19 and 31-10-19 of the General Laws in Chapter 31-10
2 entitled "Operators' and Chauffeurs' Licenses" are hereby amended to read as follows:

3 **31-10-19. Driver education -- Traffic safety education. [Contingent amendment; see**
4 **other version.].**

5 (a) The ~~Community College~~ community college of Rhode Island shall provide thirty-
6 three (33) hours of classroom instruction for applicants or prospective applicants, not more than
7 twenty-one (21) years of age for a limited instruction permit or license. The instruction shall
8 include eight (8) hours, specifically for instruction on the effects of alcohol and drugs on a driver,
9 and the instruction shall be given by a person eligible for a teacher's certificate issued under the
10 authority of the state board of regents and which course of instruction shall be approved by the
11 board of governors for higher education. In case of emergency, the ~~President of the Community~~
12 ~~College~~ president of the community college of Rhode Island may declare, when no certified
13 instructor is available to teach, an individual eligible to teach at the ~~Community College~~
14 community college of Rhode Island who has taken the required course of instruction in driver
15 education, may provide driver education instruction. All driver education programs shall include
16 information concerning the Revised Uniform Anatomical Gift Act, chapter ~~18.6~~ 18.6.1 of title
17 23, and information on donor cards pursuant to the applicable provisions of chapter ~~18.6~~ 18.6.1 of
18 title 23. The board of governors for higher education shall ensure that each person properly
19 certified and approved to instruct driver education courses shall be given an equal opportunity for
20 employment as an instructor within the driver education program. No person teaching driver
21 education under this section shall own, be employed by, or be associated with a commercial
22 driving school.

23 (b) Driver education instruction shall be available to any eligible resident applicant not
24 less than fifteen (15) years and ten (10) months of age.

25 (c) That the state shall also provide a separate program of instruction, as previously set
26 forth in this section, for special needs students whose individual education plan (IEP) indicates a
27 need for a separate program of instruction.

28 (d) The ~~Community College~~ community college of Rhode Island shall provide a driver
29 training program for physically handicapped drivers. The program shall instruct the physically
30 handicapped driver in the operation of adapted vehicles for the handicapped. The adapted
31 vehicles are to be provided by the handicapped individual. A physically handicapped person must
32 be certified by a licensed physician that he or she is physically handicapped and possesses
33 sufficient potential to become a competent motor vehicle operator. The ~~Community College~~
34 community college of Rhode Island shall establish a tuition fee sufficient to cover the cost of the

1 program.

2 (e) A tuition or enrollment fee shall be required to be paid by an eligible applicant in
3 accordance with rules and regulations of the board of governors for higher education; provided,
4 that personal checks shall be an acceptable method of payment of the tuition or enrollment fee.
5 The tuition or enrollment fee shall be deposited in a restricted receipt account established to pay
6 any and all costs associated with the driver education program at the ~~Community College~~
7 community college of Rhode Island and administered by the ~~Community College~~ community
8 college of Rhode Island.

9 (f) The board of governors for higher education is authorized to establish administrative
10 regulations to further implement this section.

11 (g) The ~~Community College~~ community college of Rhode Island shall establish tuition
12 fees sufficient to cover the cost of the program and the administration of the driver education
13 program. All positions established to implement the driver education program and funded in full
14 by driver education program fees shall be exempt from the full-time equivalency cap established
15 in Article 1 of the Appropriations Act, provided, however, that the board of governors shall report
16 by June 1, 2004, the actual number of filled positions funded exclusively by driver education fees
17 to the chairperson of the house finance committee, the chairperson of the senate finance
18 committee, and the state budget officer.

19 (h) The board of governors for higher education shall provide for an optional and
20 voluntary course of instruction for the applicant's parent, guardian, or designee where applicable,
21 on the content of the driver education curriculum and the requirements for the graduated licensing
22 for persons under the age of eighteen (18) as contained in § 31-10-6. The community college of
23 Rhode Island shall be responsible to develop the course of instruction and content for the parent
24 instruction, or may approve a similar course of instruction, such as AAA's course, as equivalent
25 to it, and shall promulgate regulations and establish the appropriate method of providing the
26 instruction.

27 (i) Dangers of distracted driving, including, but not limited to, use of cell phones would
28 be included in this section curriculum and included in all testing as part of the state's driver's
29 license examination.

30 **31-10-19. Driver education -- Traffic safety education. [Contingent amendment; see**
31 **other version.]**

32 (a) The ~~Community College~~ community college of Rhode Island shall provide thirty-
33 three (33) hours of classroom instruction for applicants or prospective applicants, not more than
34 twenty-one (21) years of age, for a limited-instruction permit or license. The instruction shall

1 include eight (8) hours, specifically for instruction on the effects of alcohol and drugs on a driver,
2 and the instruction shall be given by a person eligible for a teacher's certificate issued under the
3 authority of the state board of education and which course of instruction shall be approved by the
4 state board of education. In case of emergency, the ~~President of the Community College~~
5 president of the community college of Rhode Island may declare, when no certified instructor is
6 available to teach, that an individual eligible to teach at the ~~Community College~~ community
7 college of Rhode Island, who has taken the required course of instruction in driver education,
8 may provide driver education instruction. All driver education programs shall include information
9 concerning the Revised Uniform Anatomical Gift Act, chapter ~~18.6~~ 18.6.1 of title 23, and
10 information on donor cards pursuant to the applicable provisions of chapter ~~18.6~~ 18.6.1 of title
11 23. The state board of education shall ensure that each person properly certified and approved to
12 instruct driver education courses shall be given an equal opportunity for employment as an
13 instructor within the driver education program. No person teaching driver education under this
14 section shall own, be employed by, or be associated with a commercial driving school.

15 (b) Driver education instruction shall be available to any eligible resident applicant not
16 less than fifteen (15) years and ten (10) months of age.

17 (c) That the state shall also provide a separate program of instruction, as previously set
18 forth in this section, for special needs students whose individual education plan (IEP) indicates a
19 need for a separate program of instruction.

20 (d) The ~~Community College~~ community college of Rhode Island shall provide a driver
21 training program for physically handicapped drivers. The program shall instruct the physically
22 handicapped driver in the operation of adapted vehicles for the handicapped. The adapted
23 vehicles are to be provided by the handicapped individual. A physically handicapped person must
24 be certified by a licensed physician that he or she is physically handicapped and possesses
25 sufficient potential to become a competent motor vehicle operator. The ~~Community College~~
26 community college of Rhode Island shall establish a tuition fee sufficient to cover the cost of the
27 program.

28 (e) A tuition or enrollment fee shall be required to be paid by an eligible applicant in
29 accordance with rules and regulations of the state board of education; provided, that personal
30 checks shall be an acceptable method of payment of the tuition or enrollment fee. The tuition or
31 enrollment fee shall be deposited in a restricted receipt account established to pay any and all
32 costs associated with the driver education program at the ~~Community College~~ community
33 college of Rhode Island and administered by the ~~Community College~~ community college of
34 Rhode Island.

1 (f) The state board of education is authorized to establish administrative regulations to
2 further implement this section.

3 (g) The ~~Community College~~ community college of Rhode Island shall establish tuition
4 fees sufficient to cover the cost of the program and the administration of the driver education
5 program. All positions established to implement the driver education program and funded in full
6 by driver education program fees shall be exempt from the full-time equivalency cap established
7 in Article 1 of the Appropriations Act, provided, however, that the board of governors shall report
8 by June 1, 2004, the actual number of filled positions funded exclusively by driver education fees
9 to the chairperson of the house finance committee, the chairperson of the senate finance
10 committee, and the state budget officer.

11 (h) Notwithstanding any other provisions of this section, the state board of education
12 shall provide for a required course of instruction for the applicant's parent, guardian, or designee
13 where applicable, on the content of the driver education curriculum and the requirements for the
14 graduated licensing for persons under the age of eighteen (18) as contained in § 31-10-6. The
15 course of instruction shall be made available in a classroom setting at numerous locations, days,
16 and times throughout the state, approved by the ~~Community College~~ community college of
17 Rhode Island. All costs and expenses associated with the course of instruction, including, but not
18 limited to, materials, instructors, and location fees shall be at the sole expense of the program
19 providers. Once approved by the state board of education, an online course of instruction shall be
20 made available to parent(s), guardian(s), or designee(s), where applicable, to meet the
21 requirements of this section. Under no circumstances shall any parent, guardian, or designee,
22 where applicable, be required to pay any cost or fee in association with participation in the course
23 required by this section. Upon completion of the course pursuant to this section, no parent,
24 guardian, or designee shall be required to take the course more than one time in a five-year (5)
25 period. Parents, guardians, and designees with multiple children having completed this course
26 shall be deemed to have satisfied this requirement for each child in their care applying for his or
27 her license during the five-year (5) period. Should AAA or any other provider cease to provide
28 the course and no other provider exists, the ~~Community College~~ community college of Rhode
29 Island shall not be required to provide the course of instruction nor shall it be required to pay any
30 of the costs associated therewith. Parents, guardians, and designees shall not be required to
31 complete the course prior to their child obtaining a license during any time at which a qualified
32 program under this section does not exist. The ~~Community College~~ community college of
33 Rhode Island shall be responsible to develop the course of instruction and content for the parent
34 instruction, or may approve a similar course of instruction, such as AAA's course, as equivalent

1 to it, and shall promulgate regulations and establish the appropriate method of providing the
2 instruction. Should a qualified program cease to exist for a period of time greater than six (6)
3 months, the course of instruction will not be required.

4 (i) Dangers of distracted driving, including, but not limited to, use of cell phones would
5 be included in this section curriculum and included in all testing as part of the state's driver's
6 license examination.

7 SECTION 23. Section 31-13-14 of the General Laws in Chapter 31-13 entitled "Traffic
8 Control Devices" is hereby amended to read as follows:

9 **31-13-14. Time period to complete projects.**

10 All projects approved by the state traffic commission pursuant to this chapter shall be
11 completed before the end of the following construction season with ~~the~~ exception ~~of~~ ~~to~~ geometric
12 improvements/roundabouts and new signals.

13 SECTION 24. Section 31-27-2.1 of the General Laws in Chapter 31-27 entitled "Motor
14 Vehicle Offenses" is hereby amended to read as follows:

15 **31-27-2.1. Refusal to submit to chemical test.**

16 (a) Any person who operates a motor vehicle within this state shall be deemed to have
17 given his or her consent to chemical tests of his or her breath, blood, and/or urine for the purpose
18 of determining the chemical content of his or her body fluids or breath. No more than two (2)
19 complete tests, one for the presence of intoxicating liquor and one for the presence of toluene or
20 any controlled substance, as defined in § 21-28-1.02(8), shall be administered at the direction of a
21 law enforcement officer having reasonable grounds to believe the person to have been driving a
22 motor vehicle within this state while under the influence of intoxicating liquor, toluene, or any
23 controlled substance, as defined in chapter 28 of title 21, or any combination of these. The
24 director of the department of health is empowered to make and file, with the secretary of state,
25 regulations that prescribe the techniques and methods of chemical analysis of the person's body
26 fluids or breath and the qualifications and certification of individuals authorized to administer the
27 testing and analysis.

28 (b) If a person, for religious or medical reasons, cannot be subjected to blood tests, the
29 person may file an affidavit with the division of motor vehicles stating the reasons why he or she
30 cannot be required to take blood tests and a notation to this effect shall be made on his or her
31 license. If that person is asked to submit to chemical tests as provided under this chapter, the
32 person shall only be required to submit to chemical tests of his or her breath or urine. When a
33 person is requested to submit to blood tests, only a physician or registered nurse, or a medical
34 technician certified under regulations promulgated by the director of the department of health,

1 may withdraw blood for the purpose of determining the alcoholic content in it. This limitation
2 shall not apply to the taking of breath or urine specimens. The person tested shall be permitted to
3 have a physician of his or her own choosing, and at his or her own expense, administer chemical
4 tests of his or her breath, blood, and/or urine in addition to the tests administered at the direction
5 of a law enforcement officer. If a person, having been placed under arrest, refuses upon the
6 request of a law enforcement officer to submit to the tests, as provided in § 31-27-2, none shall be
7 given, but a judge or magistrate of the traffic tribunal or district court judge or magistrate, upon
8 receipt of a report of a law enforcement officer: that he or she had reasonable grounds to believe
9 the arrested person had been driving a motor vehicle within this state under the influence of
10 intoxicating liquor, toluene, or any controlled substance, as defined in chapter 28 of title 21, or
11 any combination of these; that the person had been informed of his or her rights in accordance
12 with § 31-27-3; that the person had been informed of the penalties incurred as a result of
13 noncompliance with this section; and that the person had refused to submit to the tests upon the
14 request of a law enforcement officer; shall promptly order that the person's operator's license or
15 privilege to operate a motor vehicle in this state be immediately suspended, however, said
16 suspension shall be subject to the hardship provisions enumerated in § 31-27-2.8. A traffic
17 tribunal judge or magistrate, or a district court judge or magistrate, pursuant to the terms of
18 subsection (c), shall order as follows:

19 (1) Impose, for the first violation, a fine in the amount of two hundred dollars (\$200) to
20 five hundred dollars (\$500) and shall order the person to perform ten (10) to sixty (60) hours of
21 public community restitution. The person's driving license in this state shall be suspended for a
22 period of six (6) months to one year. The traffic tribunal judge or magistrate shall require
23 attendance at a special course on driving while intoxicated or under the influence of a controlled
24 substance and/or alcohol or drug treatment for the individual. The traffic tribunal judge or
25 magistrate may prohibit that person from operating a motor vehicle that is not equipped with an
26 ignition interlock system as provided in § 31-27-2.8.

27 (2) Every person convicted ~~for~~ of a second violation within a five-year (5) period, except
28 with respect to cases of refusal to submit to a blood test, shall be guilty of a misdemeanor; shall
29 be imprisoned for not more than six (6) months; ~~and~~ shall pay a fine in the amount of six hundred
30 dollars (\$600) to one thousand dollars (\$1,000); ~~order the person to~~ perform sixty (60) to one
31 hundred (100) hours of public community restitution; and the person's driving license in this state
32 shall be suspended for a period of one year to two (2) years. The judge or magistrate shall require
33 alcohol and/or drug treatment for the individual. The sentencing judge or magistrate shall prohibit
34 that person from operating a motor vehicle that is not equipped with an ignition interlock system

1 as provided in § 31-27-2.8.

2 (3) Every person convicted for a third or subsequent violation within a five-year (5)
3 period, except with respect to cases of refusal to submit to a blood test, shall be guilty of a
4 misdemeanor; and shall be imprisoned for not more than one year; fined eight hundred dollars
5 (\$800) to one thousand dollars (\$1,000); shall perform not less than one hundred (100) hours of
6 public community restitution; and the person's operator's license in this state shall be suspended
7 for a period of two (2) years to five (5) years. The sentencing judge or magistrate shall prohibit
8 that person from operating a motor vehicle that is not equipped with an ignition interlock system
9 as provided in § 31-27-2.8. The judge or magistrate shall require alcohol or drug treatment for the
10 individual. Provided, that prior to the reinstatement of a license to a person charged with a third
11 or subsequent violation within a three-year (3) period, a hearing shall be held before a judge or
12 magistrate. At the hearing, the judge or magistrate shall review the person's driving record, his or
13 her employment history, family background, and any other pertinent factors that would indicate
14 that the person has demonstrated behavior that warrants the reinstatement of his or her license.

15 (4) For a second violation within a five-year (5) period with respect to a case of a refusal
16 to submit to a blood test, a fine in the amount of six hundred dollars (\$600) to one thousand
17 dollars (\$1,000); the person shall perform sixty (60) to one hundred (100) hours of public
18 community restitution; and the person's driving license in this state shall be suspended for a
19 period of two (2) years. The judicial officer shall require alcohol and/or drug treatment for the
20 individual. The sentencing judicial officer shall prohibit that person from operating a motor
21 vehicle that is not equipped with an ignition interlock system as provided in § 31-27-2.8. Such a
22 violation with respect to refusal to submit to a chemical blood test shall be a civil offense.

23 (5) For a third or subsequent violation within a five-year (5) period with respect to a case
24 of a refusal to submit to a blood test, a fine in the amount of eight hundred dollars (\$800) to one
25 thousand dollars (\$1,000); the person shall perform not less than one hundred (100) hours of
26 public community restitution; and the person's driving license in this state shall be suspended for
27 a period of two (2) to five (5) years. The sentencing judicial officer shall prohibit that person from
28 operating a motor vehicle that is not equipped with an ignition interlock system as provided in §
29 31-27-2.8. The judicial officer shall require alcohol and/or drug treatment for the individual. Such
30 a violation with respect to refusal to submit to a chemical test of blood shall be a civil offense.
31 Provided, that prior to the reinstatement of a license to a person charged with a third or
32 subsequent violation within a three-year (3) period, a hearing shall be held before a judicial
33 officer. At the hearing, the judicial officer shall review the person's driving record, his or her
34 employment history, family background, and any other pertinent factors that would indicate that

1 the person has demonstrated behavior that warrants the reinstatement of their license.

2 (6) For purposes of determining the period of license suspension, a prior violation shall
3 constitute any charge brought and sustained under the provisions of this section or § 31-27-2.

4 (7) In addition to any other fines, a highway safety assessment of five hundred dollars
5 (\$500) shall be paid by any person found in violation of this section, the assessment to be
6 deposited into the general fund. The assessment provided for by this subsection shall be collected
7 from a violator before any other fines authorized by this section.

8 (8) In addition to any other fines and highway safety assessments, a two-hundred-dollar
9 (\$200) assessment shall be paid by any person found in violation of this section to support the
10 department of health's chemical testing programs outlined in § 31-27-2(4), that shall be deposited
11 as general revenues, not restricted receipts.

12 (9) No fines, suspensions, assessments, alcohol or drug treatment programs, course on
13 driving while intoxicated or under the influence of a controlled substance, or public community
14 restitution provided for under this section can be suspended.

15 (c) Upon suspending or refusing to issue a license or permit as provided in subsection (a),
16 the traffic tribunal or district court shall immediately notify the person involved in writing, and
17 upon his or her request, within fifteen (15) days, shall afford the person an opportunity for a
18 hearing as early as practical upon receipt of a request in writing. Upon a hearing, the judge may
19 administer oaths and may issue subpoenas for the attendance of witnesses and the production of
20 relevant books and papers. If the judge finds after the hearing that:

21 (1) The law enforcement officer making the sworn report had reasonable grounds to
22 believe that the arrested person had been driving a motor vehicle within this state while under the
23 influence of intoxicating liquor, toluene, or any controlled substance, as defined in chapter 28 of
24 title 21, or any combination of these;

25 (2) The person, while under arrest, refused to submit to the tests upon the request of a law
26 enforcement officer;

27 (3) The person had been informed of his or her rights in accordance with § 31-27-3; and

28 (4) The person had been informed of the penalties incurred as a result of noncompliance
29 with this section, the judge shall sustain the violation. The judge shall then impose the penalties
30 set forth in subsection (b). Action by the judge must be taken within seven (7) days after the
31 hearing or it shall be presumed that the judge has refused to issue his or her order of suspension.

32 (d) For the purposes of this section, any test of a sample of blood, breath, or urine for the
33 presence of alcohol that relies, in whole or in part, upon the principle of infrared light absorption
34 is considered a chemical test.

1 (e) If any provision of this section, or the application of any provision, shall, for any
2 reason, be judged invalid, the judgment shall not affect, impair, or invalidate the remainder of the
3 section, but shall be confined in this effect to the provisions or application directly involved in the
4 controversy giving rise to the judgment.

5 SECTION 25. Section 38-2-2 of the General Laws in Chapter 38-2 entitled "Access to
6 Public Records" is hereby amended to read as follows:

7 **38-2-2. Definitions.**

8 As used in this chapter:

9 (1) "Agency" or "public body" means any executive, legislative, judicial, regulatory, or
10 administrative body of the state, or any political subdivision thereof; including, but not limited to:
11 any department, division, agency, commission, board, office, bureau, authority; any school, fire,
12 or water district, or other agency of Rhode Island state or local government that exercises
13 governmental functions; any authority as defined in § 42-35-1(b); or any other public or private
14 agency, person, partnership, corporation, or business entity acting on behalf of and/or in place of
15 any public agency.

16 (2) "Chief administrative officer" means the highest authority of the public body.

17 (3) "Public business" means any matter over which the public body has supervision,
18 control, jurisdiction, or advisory power.

19 (4) "Public record" or "public records" shall mean all documents, papers, letters, maps,
20 books, tapes, photographs, films, sound recordings, magnetic or other tapes, electronic data
21 processing records, computer stored data (including electronic mail messages, except specifically
22 for any electronic mail messages of or to elected officials with or relating to those they represent
23 and correspondence of or to elected officials in their official capacities), or other material
24 regardless of physical form or characteristics made or received pursuant to law or ordinance or in
25 connection with the transaction of official business by any agency. For the purposes of this
26 chapter, the following records shall not be deemed public:

27 (A) (I) (a) All records relating to a client/attorney relationship and to a doctor/patient
28 relationship, including all medical information relating to an individual in any files.

29 (b) Personnel and other personal individually identifiable records otherwise deemed
30 confidential by federal or state law or regulation, or the disclosure of which would constitute a
31 clearly unwarranted invasion of personal privacy pursuant to 5 U.S.C. § 552 et seq.; provided,
32 however, with respect to employees, and employees of contractors and subcontractors working on
33 public works projects that are required to be listed as certified payrolls, the name, gross salary,
34 salary range, total cost of paid fringe benefits, gross amount received in overtime, and any other

1 remuneration in addition to salary, job title, job description, dates of employment and positions
2 held with the state, municipality, ~~employment contract~~, or public works contractor or
3 subcontractor on public works projects, employment contract, work location, and/or project,
4 business telephone number, the city or town of residence, and date of termination shall be public.
5 For the purposes of this section "remuneration" shall include any payments received by an
6 employee as a result of termination, or otherwise leaving employment, including, but not limited
7 to, payments for accrued sick and/or vacation time, severance pay, or compensation paid pursuant
8 to a contract buy-out provision.

9 (II) Notwithstanding the provisions of this section, or any other provision of the general
10 laws to the contrary, the pension records of all persons who are either current or retired members
11 of any public retirement systems, as well as all persons who become members of those retirement
12 systems after June 17, 1991, shall be open for public inspection. "Pension records" as used in this
13 section, shall include all records containing information concerning pension and retirement
14 benefits of current and retired members of the retirement systems and future members of said
15 systems, including all records concerning retirement credits purchased and the ability of any
16 member of the retirement system to purchase retirement credits, but excluding all information
17 regarding the medical condition of any person and all information identifying the member's
18 designated beneficiary or beneficiaries unless and until the member's designated beneficiary or
19 beneficiaries have received or are receiving pension and/or retirement benefits through the
20 retirement system.

21 (B) Trade secrets and commercial or financial information obtained from a person, firm,
22 or corporation that is of a privileged or confidential nature.

23 (C) Child custody and adoption records, records of illegitimate births, and records of
24 juvenile proceedings before the family court.

25 (D) All records maintained by law enforcement agencies for criminal law enforcement
26 and all records relating to the detection and investigation of crime, including those maintained on
27 any individual or compiled in the course of a criminal investigation by any law enforcement
28 agency. Provided, however, such records shall not be deemed public only to the extent that the
29 disclosure of the records or information (a) ~~could~~ Could reasonably be expected to interfere with
30 investigations of criminal activity or with enforcement proceedings; (b) ~~would~~ Would deprive a
31 person of a right to a fair trial or an impartial adjudication; (c) ~~could~~ Could reasonably be
32 expected to constitute an unwarranted invasion of personal privacy; (d) ~~could~~ Could reasonably
33 be expected to disclose the identity of a confidential source, including a state, local, or foreign
34 agency or authority, or any private institution that furnished information on a confidential basis,

1 or the information furnished by a confidential source; (e) ~~would~~ Would disclose techniques and
2 procedures for law enforcement investigations or prosecutions, or would disclose guidelines for
3 law enforcement investigations or prosecutions; or (f) ~~could~~ **Could** reasonably be expected to
4 endanger the life or physical safety of any individual. Records relating to management and
5 direction of a law enforcement agency and records or reports reflecting the initial arrest of an
6 adult and the charge or charges brought against an adult shall be public.

7 (E) Any records that would not be available by law or rule of court to an opposing party
8 in litigation.

9 (F) Scientific and technological secrets and the security plans of military and law
10 enforcement agencies, the disclosure of which would endanger the public welfare and security.

11 (G) Any records that disclose the identity of the contributor of a bona fide and lawful
12 charitable contribution to the public body whenever public anonymity has been requested of the
13 public body with respect to the contribution by the contributor.

14 (H) Reports and statements of strategy or negotiation involving labor negotiations or
15 collective bargaining.

16 (I) Reports and statements of strategy or negotiation with respect to the investment or
17 borrowing of public funds, until such time as those transactions are entered into.

18 (J) Any minutes of a meeting of a public body that are not required to be disclosed
19 pursuant to chapter 46 of title 42.

20 (K) Preliminary drafts, notes, impressions, memoranda, working papers, and work
21 products, including those involving research at state institutions of higher education on
22 commercial, scientific, artistic, technical, or scholarly issues, whether in electronic or other
23 format; provided, however, any documents submitted at a public meeting of a public body shall
24 be deemed public.

25 (L) Test questions, scoring keys, and other examination data used to administer a
26 licensing examination, examination for employment or promotion, or academic examinations;
27 provided, however, that a person shall have the right to review the results of his or her
28 examination.

29 (M) Correspondence of or to elected officials with or relating to those they represent and
30 correspondence of or to elected officials in their official capacities.

31 (N) The contents of real estate appraisals, engineering, or feasibility estimates and
32 evaluations made for or by an agency relative to the acquisition of property or to prospective
33 public supply and construction contracts, until such time as all of the property has been acquired
34 or all proceedings or transactions have been terminated or abandoned; provided the law of

1 eminent domain shall not be affected by this provision.

2 (O) All tax returns.

3 (P) All investigatory records of public bodies, with the exception of law enforcement
4 agencies, pertaining to possible violations of statute, rule, or regulation other than records of final
5 actions taken, provided that all records prior to formal notification of violations or noncompliance
6 shall not be deemed to be public.

7 (Q) Records of individual test scores on professional certification and licensing
8 examinations; provided, however, that a person shall have the right to review the results of his or
9 her examination.

10 (R) Requests for advisory opinions until such time as the public body issues its opinion.

11 (S) Records, reports, opinions, information, and statements required to be kept
12 confidential by federal law or regulation or state law or rule of court.

13 (T) Judicial bodies are included in the definition only in respect to their administrative
14 function provided that records kept pursuant to the provisions of chapter 16 of title 8 are exempt
15 from the operation of this chapter.

16 (U) Library records that, by themselves or when examined with other public records,
17 would reveal the identity of the library user requesting, checking out, or using any library
18 materials.

19 (V) Printouts from TELE -- TEXT devices used by people who are deaf or hard of
20 hearing or speech impaired.

21 (W) All records received by the insurance division of the department of business
22 regulation from other states, either directly or through the National Association of Insurance
23 Commissioners, if those records are accorded confidential treatment in that state. Nothing
24 contained in this title or any other provision of law shall prevent or be construed as prohibiting
25 the commissioner of insurance from disclosing otherwise confidential information to the
26 insurance department of this or any other state or country, at any time, so long as the agency or
27 office receiving the records agrees in writing to hold it confidential in a manner consistent with
28 the laws of this state.

29 (X) Credit card account numbers in the possession of state or local government are
30 confidential and shall not be deemed public records.

31 (Y) Any documentary material, answers to written interrogatories, or oral testimony
32 provided under any subpoena issued under Rhode Island general law § 9-1.1-6.

33 (Z) Any individually identifiable evaluations of public school teachers made pursuant to
34 state or federal law or regulation.

1 (AA) All documents prepared by school districts intended to be used by school districts
2 in protecting the safety of their students from potential and actual threats.

3 SECTION 26. Section 39-16-4 of the General Laws in Chapter 39-16 entitled "Kent
4 County Water District" is hereby amended to read as follows:

5 **39-16-4. Composition of board.**

6 (a) The board shall consist of seven (7) members, one member to be appointed by the
7 town council of East Greenwich and two (2) members by the city council of the city of Warwick,
8 and two (2) members each appointed by the town councils of the towns of Coventry and West
9 Warwick. The successors of members shall be appointed by their respective city and town
10 councils. A majority of the governing body appointing a member may remove the member for
11 willful misconduct.

12 (b) The members of the board shall appoint a member to serve as chair of the board, and
13 such appointment shall be made at the board's first meeting after the effective date of this section.
14 The chair appointed shall serve for a seven-year (7) term, at which time the board shall appoint a
15 new chair. If a chair is unable to complete their term, a new chair shall be appointed to serve a
16 seven-year (7) term.

17 (c) Each member shall serve for a term of seven (7) years, except that all vacancies
18 occurring during a term shall be filled for the unexpired term. A member shall hold office until
19 his or her successor has been duly appointed and has qualified. Each member of the authority
20 shall take an oath to administer the duties of his or her office faithfully and impartially, and the
21 oath shall be filed in the office of the secretary of state.

22 (d) Four (4) members of the authority shall constitute a quorum and the vote of four (4)
23 members shall be necessary for any action taken by the authority. No vacancy in the membership
24 of the authority shall impair the right of a quorum to exercise all the rights and perform all the
25 duties of the authority.

26 (e) In the event of a vacancy occurring in the board by reason of the death, resignation, or
27 removal for willful misconduct of a member, the governing body of the town or city that
28 appointed the member shall appoint a new member for the unexpired term.

29 (f) In the month of January, the board shall make an annual report to the town councils of
30 East Greenwich, West Warwick, and Coventry, and to the city council of Warwick, of its
31 activities for the preceding fiscal year. Each report shall set forth a complete operating and
32 financial statement covering its operations during the year. The authority shall cause an annual
33 audit of the books, records, and accounts of the authority to be made.

34 SECTION 27. Section 39-18.1-4 of the General Laws in Chapter 39-18.1 entitled

1 "Transportation Investment and Debt Reduction Act of 2011" is hereby amended to read as
2 follows:

3 **39-18.1-4. Rhode Island highway maintenance account created.**

4 (a) There is hereby created a special account in the intermodal surface transportation fund
5 as established in § 31-36-20 that is to be known as the Rhode Island highway maintenance
6 account.

7 (b) The fund shall consist of all those moneys that the state may from time to time direct
8 to the fund, including, but not necessarily limited to, moneys derived from the following sources:

9 (1) There is imposed a surcharge of thirty dollars (\$30.00) per vehicle or truck, other than
10 those with specific registrations set forth below in subsection (b)(1)(i). Such surcharge shall be
11 paid by each vehicle or truck owner in order to register that owner's vehicle or truck and upon
12 each subsequent biennial registration. This surcharge shall be phased in at the rate of ten dollars
13 (\$10.00) each year. The total surcharge will be ten dollars (\$10.00) from July 1, 2013, through
14 June 30, 2014, twenty dollars (\$20.00) from July 1, 2014, through June 30, 2015, and thirty
15 dollars (\$30.00) from July 1, 2015, through June 30, 2016, and each year thereafter.

16 (i) For owners of vehicles or trucks with the following plate types, the surcharge shall be
17 as set forth below and shall be paid in full in order to register the vehicle or truck and upon each
18 subsequent renewal:

19 Plate Type	Surcharge
20 Antique	\$5.00
21 Farm	\$10.00
22 Motorcycle	\$13.00

23 (ii) For owners of trailers, the surcharge shall be one-half (1/2) of the biennial registration
24 amount and shall be paid in full in order to register the trailer and upon each subsequent renewal.

25 (2) There is imposed a surcharge of fifteen dollars (\$15.00) per vehicle or truck, other
26 than those with specific registrations set forth in subsection (b)(2)(i) below, for those vehicles or
27 trucks subject to annual registration, to be paid annually by each vehicle or truck owner in order
28 to register that owner's vehicle, trailer or truck and upon each subsequent annual registration. This
29 surcharge will be phased in at the rate of five dollars (\$5.00) each year. The total surcharge will
30 be five dollars (\$5.00) from July 1, 2013, through June 30, 2014, ten dollars (\$10.00) from July 1,
31 2014, through June 30, 2015, and fifteen dollars (\$15.00) from July 1, 2015, through June 30,
32 2016, and each year thereafter.

33 (i) For registrations of the following plate types, the surcharge shall be as set forth below
34 and shall be paid in full in order to register the plate, and upon each subsequent renewal:

1	Plate Type	Surcharge
2	Boat Dealer	\$6.25
3	Cycle Dealer	\$6.25
4	In-transit	\$5.00
5	Manufacturer	\$5.00
6	New Car Dealer	\$5.00
7	Used Car Dealer	\$5.00
8	Racer Tow	\$5.00
9	Transporter	\$5.00
10	Bailee	\$5.00

11 (ii) For owners of trailers, the surcharge shall be one-half (1/2) of the annual registration
12 amount and shall be paid in full in order to register the trailer and upon each subsequent renewal.

13 (iii) For owners of school buses, the surcharge will be phased in at the rate of six dollars
14 and twenty-five cents (\$6.25) each year. The total surcharge will be six dollars and twenty-five
15 cents (\$6.25) from July 1, 2013, through June 30, 2014, and twelve dollars and fifty cents
16 (\$12.50) from July 1, 2014, through June 30, 2015, and each year thereafter.

17 (3) There is imposed a surcharge of thirty dollars (\$30.00) per license to operate a motor
18 vehicle to be paid every five (5) years by each licensed operator of a motor vehicle. This
19 surcharge will be phased in at the rate of ten dollars (\$10.00) each year. The total surcharge will
20 be ten dollars (\$10.00) from July 1, 2013, through June 30, 2014, twenty dollars (\$20.00) from
21 July 1, 2014, through June 30, 2015, and thirty dollars (\$30.00) from July 1, 2015, through June
22 30, 2016, and each year thereafter. In the event that a license is issued or renewed for a period of
23 less than five (5) years, the surcharge will be prorated according to the period of time the license
24 will be valid. ;

25 **(4) All fees assessed pursuant to § 31-47.1-11, and chapters 3, 6, 10, and 10.1 of title**
26 **31 shall be deposited into the Rhode Island highway maintenance account, provided that for**
27 **fiscal years 2016, 2017, and 2018 these fees be transferred as follows:**

28 **(i) From July 1, 2015, through June 30, 2016, twenty-five percent (25%) will be**
29 **deposited;**

30 **(ii) From July 1, 2016, through June 30, 2017, fifty percent (50%) will be deposited;**
31 **and**

32 **(iii) From July 1, 2017, eighty percent (80%) will be deposited;**

33 **(iv) From July 1, 2018, and each year thereafter, one hundred percent (100%) will**
34 **be deposited;**

1 (5) All remaining funds from previous general obligation bond issues that have not
2 otherwise been allocated.

3 (c) All funds collected pursuant to this section shall be deposited in the Rhode Island
4 highway maintenance account and shall be used only for the purposes set forth in this chapter.

5 (d) Unexpended balances and any earnings thereon shall not revert to the general fund but
6 shall remain in the Rhode Island highway maintenance account. There shall be no requirement
7 that monies received into the Rhode Island highway maintenance account during any given
8 calendar year or fiscal year be expended during the same calendar year or fiscal year.

9 (e) The Rhode Island highway maintenance account shall be administered by the director,
10 who shall allocate and spend monies from the fund only in accordance with the purposes and
11 procedures set forth in this chapter.

12 ~~(4) All fees assessed pursuant to § 31-47.1-11, and chapters 3, 6, 10, and 10.1 of title~~
13 ~~31 shall be deposited into the Rhode Island highway maintenance account, provided that for~~
14 ~~fiscal years 2016, 2017, and 2018 these fees be transferred as follows:~~

15 ~~(i) From July 1, 2015, through June 30, 2016, twenty-five percent (25%) will be~~
16 ~~deposited;~~

17 ~~(ii) From July 1, 2016, through June 30, 2017, fifty percent (50%) will be deposited;~~
18 ~~and~~

19 ~~(iii) From July 1, 2017, eighty percent (80%) will be deposited;~~

20 ~~(iv) From July 1, 2018, and each year thereafter, one hundred percent (100%) will~~
21 ~~be deposited;~~

22 ~~(5) All remaining funds from previous general obligation bond issues that have not~~
23 ~~otherwise been allocated.~~

24 SECTION 28. Section 42-75-13 of the General Laws in Chapter 42-75 entitled "Council
25 on the Arts" is hereby amended to read as follows:

26 **42-75-13. Appropriation.**

27 (a) During the fiscal year ending June 30, 2008, the state lottery division within the
28 department of revenue shall conduct, pursuant to chapter ~~62.61 of title 42 of the general laws~~, an
29 instant game to be known as the "Arts Lottery Game." The net revenue from the first three (3)
30 months of the running of the "Arts Lottery Game" shall be deposited in a restricted-revenue
31 account to be used by the Rhode Island Council on the Arts for the support and improvement of
32 the arts in this state. The provisions of this section shall prevail over any inconsistent provisions
33 of chapter 61 of title 42.

34 (b) The Rhode Island Council on the Arts shall deposit any funds received from the

1 Rhode Island Foundation in a restricted-receipt account to be used for the support and
2 improvement of the arts in this state. All such funds deposited shall be exempt from the indirect
3 cost-recovery provisions of § 35-24-27.

4 SECTION 29. Section 44-18.2-5 of the General Laws in Chapter 44-18.2 entitled "Sales
5 and Use Tax - Non-Collecting Retailers, Referrers, and Retail Sale Facilitators Act" is hereby
6 amended to read as follows:

7 **44-18.2-5. Penalties.**

8 Any non-collecting retailer, referrer, or retail sale facilitator that fails to comply with any
9 of the requirements of this chapter shall be subject to a penalty of ten dollars (\$10.00) for each
10 such failure, but not ~~less~~ **more** than a total penalty of ten thousand dollars (\$10,000) per calendar
11 year. Each instance of failing to comply with the requirements of this chapter shall constitute a
12 separate violation for purposes of calculating the penalty under this section. This penalty shall be
13 in addition to any other applicable penalties under title 44.

14 SECTION 30. Section 44-20-1 of the General Laws in Chapter 44-20 entitled "Cigarette
15 and Other Tobacco Products Tax" is hereby amended to read as follows:

16 **44-20-1. Definitions.**

17 Whenever used in this chapter, unless the context requires otherwise:

18 (1) "Administrator" means the tax administrator;

19 (2) "Cigarettes" means and includes any cigarettes suitable for smoking in cigarette form,
20 and each sheet of cigarette rolling paper, including but not limited to, paper made into a hollow
21 cylinder or cone, made with paper or any other material, with or without a filter suitable for use in
22 making cigarettes;

23 (3) "Dealer" means any person whether located within or outside of this state, who sells
24 or distributes cigarettes and/or other tobacco products to a consumer in this state;

25 (4) "Distributor" means any person:

26 (A) Whether located within or outside of this state, other than a dealer, who sells or
27 distributes cigarettes and/or other tobacco products within or into this state. Such term shall not
28 include any cigarette or other tobacco product manufacturer, export warehouse proprietor, or
29 importer with a valid permit under 26 U.S.C. § 5712, if such person sells or distributes cigarettes
30 and/or other tobacco products in this state only to licensed distributors, or to an export warehouse
31 proprietor or another manufacturer with a valid permit under 26 U.S.C. § 5712;

32 (B) Selling cigarettes and/or other tobacco products directly to consumers in this state by
33 means of at least twenty-five (25) vending machines;

34 (C) Engaged in this state in the business of manufacturing cigarettes and/or other tobacco

1 products or any person engaged in the business of selling cigarettes and/or other tobacco products
2 to dealers, or to other persons, for the purpose of resale only; provided, that seventy-five percent
3 (75%) of all cigarettes and/or other tobacco products sold by that person in this state are sold to
4 dealers or other persons for resale and selling cigarettes and/or other tobacco products directly to
5 at least forty (40) dealers or other persons for resale; or

6 (D) Maintaining one or more regular places of business in this state for that purpose;
7 provided, that seventy-five percent (75%) of the sold cigarettes and/or other tobacco products are
8 purchased directly from the manufacturer and selling cigarettes and/or other tobacco products
9 directly to at least forty (40) dealers or other persons for resale;

10 (5) "Importer" means any person who imports into the United States, either directly or
11 indirectly, a finished cigarette or other tobacco product for sale or distribution;

12 (6) "Licensed", when used with reference to a manufacturer, importer, distributor or
13 dealer, means only those persons who hold a valid and current license issued under § 44-20-2 for
14 the type of business being engaged in. When the term "licensed" is used before a list of entities,
15 such as "licensed manufacturer, importer, wholesale dealer, or retailer dealer," such term shall be
16 deemed to apply to each entity in such list;

17 (7) "Manufacturer" means any person who manufactures, fabricates, assembles,
18 processes, or labels a finished cigarette and/or other tobacco products;

19 (8) "Other tobacco products" (OTP) means any cigars (excluding Little Cigars, as defined
20 in § 44-20.2-1, which are subject to cigarette tax), cheroots, stogies, smoking tobacco (including
21 granulated, plug cut, crimp cut, ready rubbed and any other kinds and forms of tobacco suitable
22 for smoking in a [pipe or](#) otherwise), chewing tobacco (including Cavendish, twist, plug, scrap
23 and any other kinds and forms of tobacco suitable for chewing), any and all forms of hookah,
24 shisha and "mu'assel" tobacco, snuff, and shall include any other articles or products made of or
25 containing tobacco, in whole or in part, or any tobacco substitute, except cigarettes;

26 (9) "Person" means any individual, including an employee or agent, firm, fiduciary,
27 partnership, corporation, trust, or association, however formed;

28 (10) "Pipe" means an apparatus made of any material used to burn or vaporize products
29 so that the smoke or vapors can be inhaled or ingested by the user;

30 (11) "Place of business" means any location where cigarettes and/or other tobacco
31 products are sold, stored, or kept, including, but not limited to; any storage room, attic, basement,
32 garage or other facility immediately adjacent to the location. It also includes any receptacle, hide,
33 vessel, vehicle, airplane, train, or vending machine;

34 (12) "Sale" or "sell" means gifts, exchanges, and barter of cigarettes and/or other tobacco

1 products. The act of holding, storing, or keeping cigarettes and/or other tobacco products at a
2 place of business for any purpose shall be presumed to be holding the cigarettes and/or other
3 tobacco products for sale. Furthermore, any sale of cigarettes and/or other tobacco products by
4 the servants, employees, or agents of the licensed dealer during business hours at the place of
5 business shall be presumed to be a sale by the licensee;

6 (13) "Stamp" means the impression, device, stamp, label, or print manufactured, printed,
7 or made as prescribed by the administrator to be affixed to packages of cigarettes, as evidence of
8 the payment of the tax provided by this chapter or to indicate that the cigarettes are intended for a
9 sale or distribution in this state that is exempt from state tax under the provisions of state law; and
10 also includes impressions made by metering machines authorized to be used under the provisions
11 of this chapter.

12 SECTION 31. Section 44-27-10.1 of the General Laws in Chapter 44-27 entitled
13 "Taxation of Farm, Forest, and Open Space Land" is hereby amended to read as follows:

14 **44-27-10.1. Land withdrawn from classification for commercial renewable-energy**
15 **production -- Effect on obligation and the land use change tax.**

16 (a) Farmlands classified in the farm, forest, or open-space program [in chapter 27 of title](#)
17 [44](#) shall not be subject to a land use change tax if the landowner converts no more than twenty
18 percent (20%) of the total acreage of land that is actively devoted to agricultural or horticultural
19 use to install a renewable-energy system. Any acreage used for a renewable-energy system that is
20 designated for dual use under subsection (c) of this section shall not be included in the calculation
21 of the twenty percent (20%) restriction. For purposes of this section, land that is actively devoted
22 to agricultural or horticultural use shall be defined by rules and regulations established by the
23 department of environmental management in consultation with the office of energy resources and
24 shall include, at a minimum, any land that is actively devoted to agricultural or horticultural use
25 that was previously used to install a renewable-energy system. Those rules shall also define
26 renewable-energy system to include, at a minimum, any buffers, access roads, and other
27 supporting infrastructure associated with the generation of renewable energy.

28 (b) The tax assessor shall only withdraw from farmland classification the actual acreage
29 of the farmland used for a renewable-energy system that is not concurrently used as farmland.
30 The rest of the farmland shall remain eligible as long as it still meets the program qualification
31 criteria. This reclassification of farmlands shall not be considered an exception to the tax
32 treatment for renewable-energy systems prescribed by § 44-5-3(c).

33 (c) The dual purpose designation for installing a renewable-energy system and utilizing
34 the land below and surrounding the system for agriculture purposes, shall be determined pursuant

1 to rules and regulations that will be established by the department of environmental management
2 in consultation with the office of energy resources. The regulations shall be adopted no later than
3 December 30, 2017.

4 SECTION 32. Section 45-22.4-5 of the General Laws in Chapter 45-22.4 entitled "Rhode
5 Island Development Impact Fee Act" is hereby amended to read as follows:

6 **45-22.4-5. Collection and expenditure of impact fees.**

7 (a) The collection and expenditure of impact fees must be reasonably related to the
8 benefits accruing to the development paying the fees. The ordinance shall consider the following
9 requirements:

10 (1) Upon collection, impact fees must be deposited in a special proprietary fund, which
11 shall be invested with all interest accruing to the trust fund;

12 (2) Within eight (8) years of the date of collection, impact fees shall be expended or
13 encumbered for the construction of public facilities' capital improvements of reasonable benefit to
14 the development paying the fees and that are consistent with the capital improvement program;

15 (3) Where the expenditure or encumbrance of fees is not feasible within eight (8) years,
16 the governmental entity may retain impact fees for a longer period of time if there are compelling
17 reasons for the longer period. The governing body shall identify, in writing, the compelling
18 reasons for retaining impact fees for a longer period of time over eight (8) years. In no case shall
19 impact fees be retained longer than ten (10) years.

20 (b) All impact fees imposed pursuant to the authority granted in this chapter shall be
21 assessed upon the issuance of a building permit or other appropriate permission to proceed with
22 development and shall be collected only upon the issuance of the certificate of occupancy or other
23 final action authorizing the intended use of a structure.

24 (c) A governmental entity may recoup costs of excess capacity in existing capital
25 facilities, where the excess capacity has been provided in anticipation of the needs of new
26 development, by requiring impact fees for that portion of the facilities constructed for future
27 users. The need to recoup costs for excess capacity must have been documented by a
28 preconstruction assessment that demonstrated the need for the excess capacity. Nothing contained
29 in this chapter shall prevent a municipality from continuing to assess an impact fee that recoups
30 costs for excess capacity in an existing facility without the preconstruction assessment so long as
31 the impact fee was enacted at least ninety (90) days prior to July 22, 2000, and is in compliance
32 with this chapter in all other respects pursuant to § 45-22.4-7. The fees imposed to recoup the
33 costs to provide the excess capacity must be based on the governmental entity's actual cost of
34 acquiring, constructing, or upgrading the facility and must be no more than a proportionate share

1 of the costs to provide the excess capacity. That portion of an impact fee deemed recoupment is
2 exempted from provisions of subsection (a)(2) of this section.

3 (d) Governmental entities may accept the dedication of land or the construction of public
4 facilities in lieu of payment of impact fees provided that:

5 (1) The need for the dedication or construction is clearly documented in the community's
6 capital improvement program or comprehensive plan;

7 (2) The land proposed for dedication ~~for~~ or the facilities to be constructed are determined
8 to be appropriate for the proposed use by the local governmental entity;

9 (3) Formulas and/or procedures for determining the worth of proposed dedications or
10 constructions are established.

11 (e) Exemptions:

12 (1) Impact fees shall not be imposed for remodeling, rehabilitation, or other
13 improvements to an existing structure, or rebuilding a damaged structure, unless there is an
14 increase in the number of dwelling units or any other measurable unit for which an impact fee is
15 collected. Impact fees may be imposed when property that is owned or controlled by federal or
16 state government is converted to private ownership or control.

17 (2) Nothing in this chapter shall prevent a municipality from granting any exemption(s)
18 that it deems appropriate.

19 SECTION 33. Article I of this act shall take effect on December 31, 2018. The remaining
20 portions of this act shall take effect upon passage.

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LC005182
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATUTES AND STATUTORY CONSTRUCTION -- 2018

1 This act would make a number of technical amendments to the general laws, prepared at
2 the recommendation of the Law Revision Office. Article I of the act contains the reenactment of
3 title 7 of the general laws. Article II of the act includes the statutory construction provisions.

4 Article I of this act would take effect on December 31, 2018. The remaining portions of
5 this act would take effect upon passage.

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