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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2009

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- ECONOMIC DEVELOPMENT CORPORATION

Introduced By: Senators Felag, Paiva-Weed, Connors, Algieri, and Bates

Date Introduced: May 27, 2009

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

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

3 **42-64-8. Directors, officers, and employees.** -- (a) The powers of the Rhode Island  
4 economic development corporation shall be vested in a board of directors consisting of ~~nine (9)~~  
5 thirteen (13) members.

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

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

10 (3) Each gubernatorial appointee shall be subject to the advice and consent of the senate  
11 and no one shall be eligible for appointment unless he or she is a resident of this state. The  
12 membership of the board shall reflect the geographic diversity of the state. One of the public  
13 members shall serve as small business ombudsperson, and shall be an owner or principal of a  
14 small business doing business and located in this state, that is independently owned and operated  
15 and not dominant in its field, and that employs one hundred (100) or fewer persons at the time of  
16 his or her appointment. The small business ombudsperson shall advocate all action as Directors  
17 that may be necessary and proper to maintain and encourage the continued viability of small  
18 businesses in the state. One other of the public members shall be a representative of organized

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

11 (4) It shall be the responsibility of the corporation to conduct a training course for newly  
12 appointed and qualified members and new designees of ex-officio members within six (6) months  
13 of their qualification or designation. The course shall be developed by the executive director of  
14 the corporation or his or her designee, be approved by the board, and conducted by the executive  
15 director or his or her designee. The board may approve the use of any board or staff members or  
16 other individuals to assist with training. The training course shall include instruction in the  
17 following areas: the provisions of the entirety of chapter 64 of this title and of chapters 46 of this  
18 title, 14 of title 36, and 2 of title 38 of the Rhode Island general laws; and the board's rules and  
19 regulations. The director of the department of administration shall, within ninety (90) days of July  
20 15, 2005, prepare and disseminate materials relating to the provisions of chapters 46 of this title,  
21 14 of title 36, and 2 of title 38.

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

25 (6) The five (5) current members of the board of directors who ~~are not appointees of the~~  
26 ~~speaker or president and, furthermore,~~ were duly appointed ~~before July 15, 2005~~ and who have  
27 unexpired terms shall continue as directors of the corporation ~~for the remainder of their appointed~~  
28 ~~terms~~ until February 1, 2010, and thereafter until their successors are appointed ~~to the board of~~  
29 ~~directors and have qualified. Annually~~ and qualified. Upon passage of this act, the governor shall  
30 appoint seven (7) members to the board, with terms expiring as follows: three (3) members shall  
31 have terms expiring on February 1, 2011; three (3) members shall have terms expiring on  
32 February 1, 2012; and one member shall have a term expiring on February 1, 2013. In January  
33 2010, the governor shall appoint five (5) members to the board with terms expiring as follows:  
34 two (2) members shall have terms expiring on February 1, 2013 and three (3) members shall have

1 [terms expiring on February 1, 2014. Beginning in 2011 and annually thereafter,](#) during the month  
2 of January, the governor shall appoint a member or members to succeed the member or members  
3 whose terms will then next expire to serve for a term of four (4) years commencing on the first  
4 day of February and then next following, and thereafter until the successors are appointed and  
5 qualified. The members of the board shall be eligible to succeed themselves, but only upon  
6 reappointment and with senate advice and consent. ~~The legislative members of the board of~~  
7 ~~directors shall cease to be on the board as of July 15, 2005.~~

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

11 (b) The directors shall receive no compensation for the performance of their duties under  
12 this chapter, but each director shall be reimbursed for his or her reasonable expenses incurred in  
13 carrying out those duties. A director may engage in private employment, or in a profession or  
14 business.

15 (c) The chairperson shall designate a vice chairperson from among the members of the  
16 board who shall serve at the pleasure of the chairperson. Five (5) directors shall constitute a  
17 quorum, and, except as otherwise provided in section 42-64-13, any action to be taken by the  
18 corporation under the provisions of this chapter may be authorized by resolution approved by a  
19 majority of the directors present and entitled to vote at any regular or special meeting at which a  
20 quorum is present. A vacancy in the membership of the board of directors shall not impair the  
21 right of a quorum to exercise all of the rights and perform all of the duties of the corporation.

22 (d) The chief executive officer of the corporation shall be executive director of the  
23 corporation, appointed by the governor with the advice and consent of the senate. The executive  
24 director [shall hold office for the term of three \(3\) years from the time of his or her appointment](#)  
25 [and until his or her successor is duly appointed and qualified. The director shall be eligible for](#)  
26 [reappointment, and shall not engage in any other occupation. The executive director](#) of the  
27 corporation shall be entitled to receive for his or her services any reasonable compensation as the  
28 board of directors may determine. [The executive director shall be a member of the governor's](#)  
29 [cabinet.](#)

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

1 (f) No full-time employee shall during the period of his or her employment by the  
2 corporation engage in any other private employment, profession or business, except with the  
3 approval of the board of directors.

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

21 (h) Any action taken by the corporation under the provisions of this chapter may be  
22 authorized by vote at any regular or special meeting, and each vote shall take effect immediately.  
23 All meetings shall be open to the public and all records shall be a matter of public record except  
24 that if a majority of the board of directors decides that it would be in the best interests of the  
25 corporation and the state to hold an executive session in private, then the board of directors is  
26 authorized to transact any business it deems necessary at that executive session in private, and the  
27 record of the executive session shall not become a matter of public record until the transaction  
28 discussed has in the opinion of the board of directors been completed.

29 (i) The board of directors may designate from among its members an executive  
30 committee and one or more other committees each of which, to the extent authorized by the board  
31 of directors, shall have and may exercise all of the authority of the board of directors, but no  
32 executive committee shall have the authority of the board of directors in reference to the  
33 disposition of all or substantially all of the property and assets of the corporation, amending the  
34 by-laws of the corporation, exercising the condemnation power conferred upon the corporation by

1 section 42-64-9 or taking actions described or referred to in section 42-64-13(a).

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

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

11 SECTION 2. Chapter 22-7.9 of the General Laws entitled "Permanent Joint Committee  
12 on Economic Development" is hereby repealed in its entirety.

13 ~~CHAPTER 22-7.9~~

14 ~~Permanent Joint Committee on Economic Development~~

15 ~~**22-7.9-1. Permanent committee -- Composition.** -- There is created a permanent joint  
16 committee of the general assembly on economic development to consist of eleven (11) members  
17 of the general assembly, five (5) of whom shall be from the senate to be appointed by the  
18 president of the senate not more than three (3) of whom shall be from the same political party,  
19 and six (6) of whom shall be from the house of representatives to be appointed by the speaker of  
20 the house of representatives not more than four (4) of whom shall be from the same political  
21 party. The selection of the chairperson, vice chairperson, and secretary of the committee shall  
22 alternate biennially between the president of the senate and the speaker of the house as set forth in  
23 this chapter.~~

24 ~~**22-7.9-2. [Repealed.]** --~~

25 ~~**22-7.9-3. Duties.** -- It shall be the duty of the joint committee on economic development  
26 to promote and encourage the preservation, expansion, and sound development of new and  
27 existing industry, business, commerce, agriculture, tourism, and recreational facilities in the state,  
28 which will promote the economic development of the state and the general welfare of its citizens.~~

29 ~~**22-7.9-4. Reports and recommendations.** -- The joint committee on economic  
30 development shall from time to time and at least annually report to the general assembly on its  
31 findings and the results of its studies, and make any recommendations to the general assembly  
32 and propose any legislation or initiate any studies that it shall deem advisable.~~

33 ~~**22-7.9-5. References to committee.** -- Each branch of the legislature may refer to the  
34 joint committee, either initially or after action by other committees, all bills and resolutions~~

1 ~~dealing with or affecting economic development; provided, that the joint committee shall not act~~  
2 ~~on any bill that has a fiscal impact. The joint committee shall transfer any bill with a fiscal impact~~  
3 ~~to the finance committee of the branch of the legislature from which the bill originated.~~

4 ~~**22-7.9-6. Place of meeting -- Quorum.** -- The joint committee on legislative services~~  
5 ~~shall provide adequate space in the state house for the use of the joint committee on economic~~  
6 ~~development; provided, that the joint committee on economic development may conduct hearings~~  
7 ~~and hold meetings elsewhere when doing so will better serve its purposes. A majority in number~~  
8 ~~of the joint committee on economic development shall be necessary to constitute a quorum for the~~  
9 ~~transaction of business.~~

10 SECTION 3. Title 22 of the General Laws entitled "GENERAL ASSEMBLY" is hereby  
11 amended by adding thereto the following chapter:

12 CHAPTER 14.3

13 PERMANENT JOINT COMMITTEE ON ECONOMIC DEVELOPMENT OVERSIGHT

14 **22-14.3-1. Permanent joint committee on economic development oversight--**

15 **Composition.** -- There is hereby created a permanent joint committee on economic development  
16 oversight. The permanent joint committee on economic development oversight shall consist of  
17 eight (8) members; four (4) of whom shall be members of the senate, not more than three (3) from  
18 the same political party, to be appointed by the senate president; and four (4) of whom shall be  
19 members of the house of representatives, not more than three (3) from the same political party, to  
20 be appointed by the speaker of the house. The senate president and the speaker of the house shall  
21 consult with the house and senate minority leaders on the appointment or the minority members.  
22 The senate president and the speaker of the house shall each designate a co-chairperson of the  
23 committee.

24 **22-14.3-2. Powers and duties of permanent joint committee on economic**  
25 **development oversight.** -- The permanent joint committee on economic development oversight  
26 shall have the authority to:

27 (1) Provide oversight of the economic development corporation and its subsidiaries,  
28 subcommittees, offices and other related entities;

29 (2) Confer, as the committee deems desirable, with the executive director and/or the  
30 chairperson of the board of directors of the economic development corporation;

31 (3) Issue subpoenas, subpoenas duces tecum and orders for the production of books,  
32 accounts, papers, records and documents; and

33 (4) Make recommendations to the general assembly and propose legislation regarding the  
34 operation of the economic development corporation and its subsidiaries, subcommittees and other

1 [related entities.](#)

2 SECTION 4. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- ECONOMIC DEVELOPMENT  
CORPORATION

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1           This act would increase the number of the members of the economic development  
2 corporation from nine (9) to thirteen (13). It would also create a permanent joint oversight  
3 committee on economic development.

4           This act would take effect upon passage.

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