



State of Rhode Island and Providence Plantations

State House, Room 224
Providence, Rhode Island 02903
401-222-2080

Lincoln D. Chafee
Governor

July 17, 2013

TO THE HONORABLE, THE SENATE:

In accordance with the provisions of Section 14, Article IX of the Constitution of the State of Rhode Island and Section 43-1-4 of the Rhode Island General Laws, I transmit, with my disapproval, 2013-S 0609, Substitute A As Amended, “An Act Relating to State Affairs and Government – Quasi-Public Corporations Accountability and Transparency Act.”

This act would impose new standards of accountability and transparency on all state quasi-public corporations, including the specification of roles and responsibilities for board members, robust audit procedures, and full compliance with state purchasing laws.

My administration has strived to make the workings of government and the stewardship of taxpayer funds more transparent through establishing the Transparency and Accountability Initiative by executive order. While additional measures of accountability and transparency would benefit quasi-public corporations, I cannot support the legislation before me. This bill prohibits directors of quasi-public corporations from also serving as their officers. Regardless of whether this would be an effective way to ensure board independence, the directors of several quasi-public corporations currently serve as their officers; some are required to do so under their enabling statutes or by-laws. Moreover, there is uncertainty with respect to the application of the bill’s requirement that board members who fail to attend at least 50 percent of board meetings should be deemed to have resigned. I support the underlying concept that board members must attend at least a majority of board meetings to successfully participate in organizational matters, but the bill does not address the effectiveness of actions previously taken during a year in which a director fails to meet this requirement. Lastly, this bill is effective on passage. The enactment of this bill would immediately render several quasi-public corporations noncompliant with law and unable to fulfill their statutory purposes, including the issuance of debt.

2013-S 0609, Substitute A As Amended, Veto Message

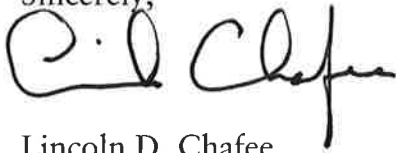
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I would consider supporting legislation that accomplished the goals included in this legislation if it recognized the necessity for concomitant amendments to quasi-public corporations' enabling statutes and by-laws, included clearer language with respect to board attendance requirements, and allowed ample time for quasi-public corporations to comply. Without these modifications, I am concerned that board actions of quasi-public corporations could be construed as taken without due authorization.

For the foregoing reasons, I disapprove of this legislation and respectfully urge your support of this veto.

Sincerely,

A handwritten signature in black ink, appearing to read "L. D. Chafee". The signature is written in a cursive style with a large initial "L" and "D".

Lincoln D. Chafee