



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUDGET OFFICE
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To: The Honorable Steven M. Costantino
Chairman, House Finance Committee

The Honorable Daniel DaPonte
Chairman, Senate Finance Committee

From: Rosemary Booth Gallogly
Executive Director/State Budget Officer *R. Gallogly*

Date: April 9, 2009

Subject: New articles for the FY 2010 Appropriation Act (09-H-5983)

The Governor requests that four new articles be added to the FY 2010 Appropriations Act. The first article, entitled "*Relating to Health Care for Pregnant Women*", provides the statutory authority necessary to effect changes to eligibility restrictions within the Department of Human Services' program of medical assistance to uninsured pregnant women. Medicaid coverage for this population was expanded pursuant to the Sixth Omnibus Budget Reconciliation Act (SOBRA) of 1986. Currently, otherwise uninsured pregnant women whose family income was at or below 350 percent of F.P.L. qualify for this program. This article downwardly revises the qualifying income ceiling to 250 percent of F.P.L. There is no associated change required to expenditures in Article 1 of the FY 2010 Appropriations Act, however \$234,836 of general revenue savings are embedded in the FY 2010 budget. If this article is not passed, \$234,836 of general revenues would have to be restored to the Medical Benefits Managed Care program.

The second article, entitled "*Relating to Division of Motor Vehicles*", eliminates the requirement to maintain a Registry branch office in Town of Warren at least three days per week. This article was included in the Governor's FY 2009 supplemental budget as Article 10, but was not included in the final enacted supplemental, and the savings are embedded in the FY 2010 budget. If this article is not passed, \$12,763 of general revenues would have to be restored in the Department of Revenue's Registry of Motor Vehicles program.

The third article, entitled "*Relating to State Aid*", amends RIGL 42-61.2-7 regarding the distribution of video lottery terminal revenues for distressed communities and general revenue sharing and RIGL 45-13-1 regarding general revenue sharing. These changes are

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consistent with the appropriations provided for these two programs in the Governor's recommended FY 2010 budget. The first change would allow for the distribution of \$784,458 of the funding appropriated for distressed communities based on the distribution authorized for video lottery terminal revenues, which is equally among the various distressed communities. The other two changes would subject both the share of video lottery terminal revenues and general revenue funding for the general revenue sharing program to be based on amounts appropriated. The Governor's FY 2009 supplemental budget included language on general revenue sharing for FY 2010, but it was not included in the enacted version of the budget.

The fourth article, entitled "*Relating to Debt Management Act Joint Resolution*", is a joint resolution authorizing the Rhode Island Health and Education Building Corporation to issue \$11.3 million of revenue bond to renovate the recreation center at Rhode Island College. This is part of the Governor's FY 2010 Capital Budget, but the Board of Governor's had not approved the debt issuance until their most recent meeting.

If you have any questions regarding these articles, please feel free to call me at 222-6300.

RBG: sm 09-146
cc: Michael O'Keefe
Peter Marino
Brian Stern
Gregory Stack
Mike Cronan
Tim Costa

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NEW ARTICLE

RELATING TO HEALTH CARE FOR PREGNANT WOMEN

SECTION 1. Section 42-12.3-3 of the General Laws in Chapter 42-12.3 entitled "Health Care for Children and Pregnant Women" is hereby amended to read as follows:

§ 42-12.3-3 Medical assistance expansion for pregnant women/RItE Start. - (a) The director of the department of human services is authorized to amend its title XIX state plan pursuant to title XIX of the Social Security Act and to amend its title XXI state plan pursuant to title XXI of the Social Security Act to provide Medicaid coverage through expanded family income disregards for pregnant women whose family income levels are ~~between one hundred eighty five percent (185%) and up to~~ two hundred fifty percent (250%) of the federal poverty level. The department is further authorized to promulgate any regulations necessary and in accord with title XIX and title XXI [42 U.S.C. § 1396 et seq.] of the Social Security Act to implement said state plan amendment. The services shall be in accord with title XIX or title XXI [42 U.S.C. § 1396 et seq.] of the Social Security Act.

(b) The director of the department of human services is authorized ~~and directed to~~ establish a ~~payer of last resort~~ program to cover prenatal, delivery and postpartum care. The program shall cover the cost of maternity care for any woman who lacks health insurance coverage for maternity care, whose family income level is up to two hundred fifty percent (250%) of the federal poverty level, and who is not eligible for medical assistance under title XIX [42 U.S.C. § 1396 et seq.] of the Social Security Act including, including, but not limited to, a non-citizen pregnant woman lawfully admitted for permanent residence on or after August 22, 1996, ~~without regard to the availability of federal financial participation~~, provided such pregnant woman satisfies all other eligibility requirements. The director shall promulgate regulations to implement this program. Such regulations shall include specific eligibility criteria; the scope of services to be covered; procedures for administration and service delivery;

1 referrals for non-covered services; outreach; and public education. Excluded services under this
2 paragraph will include, but not be limited to, induced abortion except to prevent the death of
3 the mother.

4 (c) The department of human services may enter into cooperative agreements with the
5 department of health and/or other state agencies to provide services to individuals eligible for
6 services under subsections (a) and (b) above.

7 (d) The following services shall be provided through the program:

8 (1) Ante-partum and postpartum care;

9 (2) Delivery;

10 (3) Cesarean section;

11 (4) Newborn hospital care;

12 (5) Inpatient transportation from one hospital to another when authorized by a medical
13 provider;

14 (6) Prescription medications and laboratory tests;

15 (e) The department of human services shall provide enhanced services, as appropriate,
16 to pregnant women as defined in subsections (a) and (b), as well as to other pregnant women
17 eligible for medical assistance. These services shall include: care coordination, nutrition and
18 social service counseling, high risk obstetrical care, childbirth and parenting preparation
19 programs, smoking cessation programs, outpatient counseling for drug-alcohol use, interpreter
20 services, mental health services, and home visitation. The provision of enhanced services is
21 subject to available appropriations. In the event that appropriations are not adequate for the
22 provision of these services, the department has the authority to limit the amount, scope and
23 duration of these enhanced services.

24 (f) The department of human services shall provide for extended family planning
25 services for up to twenty-four (24) months postpartum. These services shall be available to

1 women who have been determined eligible for Rite Start or for medical assistance under title
2 XIX [42 U.S.C. § 1396 et seq.] of the Social Security Act.

3 SECTION 2. This article shall take effect as of July 1, 2009.

NEW ARTICLE

RELATING TO DIVISION OF MOTOR VEHICLES

1 SECTION 1. Section 31-2-6 of the General Laws in Chapter 31-2 entitled "Division of
2 Motor Vehicles" is hereby repealed.

3 ~~§ 31-2-6 Offices.~~ The administrator shall maintain offices in those places in the state
4 that he or she may deem necessary to properly carry out the powers and duties vested in the
5 division of motor vehicles. The administrator shall maintain a branch office in the town of
6 Warren and keep that office open for business at least three (3) days per week.

7 SECTION 2. This article shall take effect upon passage.

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NEW ARTICLE

RELATING TO STATE AID

SECTION 1. Section 42-61.2-7 of the General Laws in Chapter 42-61.2 entitled "Video Lottery Terminal" is hereby amended to read as follows:

§ 42-61.2-7 Division of revenue. – (a) Notwithstanding the provisions of § 42-61-15, the allocation of net terminal income derived from video lottery games is as follows:

(1) For deposit in the general fund and to the state lottery division fund for administrative purposes: Net terminal income not otherwise disbursed in accordance with subdivisions (a)(2) – (a)(6) herein;

(i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one percent (0.19%) up to a maximum of twenty million dollars (\$20,000,000) shall be equally allocated to the distressed communities as defined in § 45-13-12 provided that no eligible community shall receive more than twenty-five percent (25%) of that community's currently enacted municipal budget as its share under this specific subsection. Distributions made under this specific subsection are supplemental to all other distributions made under any portion of general laws § 45-13-12. For the fiscal year ending June 30, 2008 distributions by community shall be identical to the distributions made in the fiscal year ending June 30, 2007 and shall be made from general appropriations. For the fiscal year ending June 30, 2009, the total state distribution shall be the same total amount distributed in the fiscal year ending June 30, 2008 and shall be made from general appropriations. For the fiscal year ending June 30, 2010, the total state distribution shall be the same total amount distributed in the fiscal year ending June 30, 2009 and shall be made from general appropriations.

(ii) Five one hundredths of one percent (0.05%) up to a maximum of five million dollars (\$5,000,000) shall be appropriated to property tax relief to fully fund the provisions of § 44-33-2.1. The maximum credit defined in subdivision 44-33-9(2) shall increase to the

1 maximum amount to the nearest five dollar (\$5.00) increment within the allocation until a
2 maximum credit of five hundred dollars (\$500) is obtained. In no event shall the exemption in
3 any fiscal year be less than the prior fiscal year.

4 (iii) One and twenty-two one hundredths of one percent (1.22%) to fund § 44-34.1-1,
5 entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998", to the maximum
6 amount to the nearest two hundred fifty dollar (\$250) increment within the allocation. In no
7 event shall the exemption in any fiscal year be less than the prior fiscal year.

8 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
9 (0.10%) to a maximum of ten million dollars (\$10,000,000) for supplemental distribution to
10 communities not included in paragraph (a)(1)(i) above distributed proportionately on the basis
11 of general revenue sharing distributed for that fiscal year. For the fiscal year ending June 30,
12 2008 distributions by community shall be identical to the distributions made in the fiscal year
13 ending June 30, 2007 and shall be made from general appropriations. For the fiscal year ending
14 June 30, 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010 and
15 thereafter, funding shall be determined by appropriation.

16 (2) To the licensed video lottery retailer:

17 (a) Prior to the effective date of the NGJA Master Contract, Newport Jai Ali twenty-six
18 percent (26%) minus three hundred eighty four thousand nine hundred ninety-six dollars
19 (\$384,996);

20 (ii) On and after the effective date of the NGJA Master Contract, to the licensed video
21 lottery retailer who is a party to the NGJA Master Contract, all sums due and payable under
22 said Master Contract minus three hundred eighty four thousand nine hundred ninety-six dollars
23 (\$384,996).

24 (b) Prior to the effective date of the UTGR Master Contract, to the present licensed
25 video lottery retailer at Lincoln Park which is not a party to the UTGR Master Contract,

1 twenty-eight and eighty-five one hundredths percent (28.85%) minus seven hundred sixty-seven
2 thousand six hundred eighty-seven dollars (\$767,687);

3 (ii) On and after the effective date of the UTGR Master Contract, to the licensed video
4 lottery retailer who is a party to the UTGR Master Contract, all sums due and payable under
5 said Master Contract minus seven hundred sixty-seven thousand six hundred eighty-seven
6 dollars (\$767,687).

7 (3) To the technology providers who are not a party to the GTECH Master Contract as
8 set forth and referenced in Public Law 2003, Chapter 32, seven percent (7%) of the net
9 terminal income of the provider's terminals;

10 (ii) To contractors who are a party to the Master Contract as set forth and referenced in
11 Public Law 2003, Chapter 32, all sums due and payable under said Master Contract;

12 (iii) Notwithstanding paragraphs (i) and (ii) above, there shall be subtracted
13 proportionately from the payments to technology providers the sum of six hundred twenty-eight
14 thousand seven hundred thirty-seven dollars (\$628,737);

15 (4) To the city of Newport one and one hundredth percent (1.01%) of net terminal
16 income of authorized machines at Newport Grand and to the town of Lincoln one and twenty-
17 six hundredths (1.26%) of net terminal income of authorized machines at Lincoln Park; and

18 (5) To the Narragansett Indian Tribe, seventeen hundredths of one percent (0.17%) of
19 net terminal income of authorized machines at Lincoln Park up to a maximum of ten million
20 dollars (\$10,000,000) per year, which shall be paid to the Narragansett Indian Tribe for the
21 account of a Tribal Development Fund to be used for the purpose of encouraging and
22 promoting: home ownership and improvement, elderly housing, adult vocational training;
23 health and social services; childcare; natural resource protection; and economic development
24 consistent with state law. Provided, however, such distribution shall terminate upon the opening
25 of any gaming facility in which the Narragansett Indians are entitled to any payments or other

1 incentives; and provided further, any monies distributed hereunder shall not be used for, or
2 spent on previously contracted debts.

3 (6) Unclaimed prizes and credits shall remit to the general fund of the state;

4 (7) Payments into the state's general fund specified in subdivisions (a)(1) and (a)(6)
5 shall be made on an estimated monthly basis. Payment shall be made on the tenth day following
6 the close of the month except for the last month when payment shall be on the last business day.

7 SECTION 2. Section 45-13-1 of the General Laws in Chapter 45-13 entitled "State
8 Aid" is hereby amended to read as follows:

9 **§ 45-13-1 Apportionment of annual appropriation for state aid.** – (a) As used in
10 this chapter, the following words and terms have the following meanings:

11 (1) "Population" means the most recent estimates of population for each city and town
12 as reported by the United States department of commerce, bureau of the census.

13 (2) "Income" means the most recent estimate of per-capita income for a city, town or
14 county as reported by the United States department of commerce, bureau of the census.

15 (3) "Tax effort" means the total taxes imposed by a city or town for public purposes or
16 the totals of those taxes for the cities or towns within a county (except employee and employer
17 assessments and contributions to finance retirement and social insurance systems and other
18 special assessments for capital outlay) determined by the United States secretary of commerce
19 for general statistical purposes and adjusted to exclude amounts properly allocated to education
20 expenses.

21 (4) "Reference year" means the second fiscal year preceding the beginning of the fiscal
22 year in which the distribution of state aid to cities and towns is made provided however that the
23 reference year for distributions made in fiscal year 2007-2008 shall be the third fiscal year
24 preceding the beginning of the fiscal year 2007-2008 and provided further that the reference

1 year for distributions made in fiscal year 2008-2009 shall be the fourth fiscal year preceding the
2 beginning of the fiscal year 2008-2009.

3 (b) Aid to cities and towns shall be apportioned as follows: For each county, city or
4 town, let R be the tax effort divided by the square of per capita income, i.e., $R = (\text{tax}$
5 $\text{effort})/(\text{income} \times \text{income})$.

6 The amount to be allocated to the counties shall be apportioned in the ratio of the value
7 of R for each county divided by the sum of the values of R for all five (5) counties.

8 The amount to be allocated for all cities and for all towns within a county shall be the
9 allocation for that county apportioned proportionally to the total tax effort of the towns and
10 cities in that county.

11 The amount to be allocated to any city or town is the amount allocated to all cities or all
12 towns within the county apportioned in the ratio of the value of R for that city (or town) divided
13 by the sum of the values of R for all cities (or all towns) in that county; provided, further, that
14 no city or town shall receive an entitlement in excess of one hundred forty-five percent (145%)
15 of that city or town's population multiplied by the average per capita statewide amount of the
16 annual appropriation for state aid to cities and towns. Any excess entitlement shall be allocated
17 to the remainder of the cities and towns in the respective county in accordance with the
18 provisions of this section.

19 For fiscal year 2004, notwithstanding the provisions of subsection (a), aid calculations
20 shall be based on a blended rate of ninety percent (90%) of the data from the 1990 census and
21 ten percent (10%) of the data from the 2000 census. In each of the succeeding nine (9) fiscal
22 years, the calculations shall be based on a blended rate that increases the percentage of data
23 utilized from the 2000 census by ten percent (10%) from the previous year and decreases the
24 percentage of the data utilized from the 1990 census by ten percent (10%) from the previous
25 year.

1 (c) The total amount of aid to be apportioned pursuant to subsection (b) above shall be
2 specified in the annual appropriation act of the state and shall be equal to the following:

3 (1) For fiscal years ending June 30, 1994 through June 30, 1998, the total amount of
4 aid shall be based upon one percent (1%) of total state tax revenues in the reference year.

5 (2) For the fiscal year ending June 30, 1999, the total amount of aid shall be based
6 upon one and three-tenths percent (1.3%) of total state tax revenues in the reference year.

7 (3) For the fiscal year ending June 30, 2000, the total amount of aid shall be based
8 upon one and seven-tenths percent (1.7%) of total state tax revenues in the reference year.

9 (4) For the fiscal year ending June 30, 2001, the total amount of aid shall be based
10 upon two percent (2.0%) of total state tax revenues in the reference year.

11 (5) For the fiscal year ending June 30, 2002, the total amount of aid shall be based
12 upon two and four-tenths percent (2.4%) of total state tax revenues in the reference year.

13 (6) For the fiscal year ending June 30, 2003, the total amount of aid shall be based
14 upon two and four-tenths percent (2.4%) of total state tax revenues in the reference year.

15 (7) For the fiscal year ending June 30, 2004, the total amount of aid shall be based
16 upon two and seven-tenths percent (2.7%) of total state tax revenues in the reference year.

17 (8) For the fiscal year ending June 30, 2005, the total amount of aid shall be fifty-two
18 million four hundred thirty-eight thousand five hundred thirty-two dollars (\$52,438,532).

19 (9) For the fiscal year ending June 30, 2006, the total amount of aid shall be based
20 upon three percent (3.0%) of total state tax revenues in the reference year.

21 (10) For the fiscal year ending June 30, 2007 the total amount of aid shall be sixty-four
22 million six hundred ninety-nine thousand three dollars (\$64,699,003).

23 (11) For the fiscal year ending June 30, 2008, the total amount of aid shall be sixty-four
24 million six hundred ninety-nine thousand three dollars (\$64,699,003).

1 (12) ~~For the fiscal year ending June 30, 2010 and each year thereafter, the total amount~~
2 ~~of aid shall be based upon three percent (3.0%) of total state tax revenues in the reference year.~~

3 (13) [Deleted by P.L. 2007, ch. 73, art. 25, § 1.]

4 (14) [Deleted by P.L. 2007, ch. 73, art. 25, § 1.]

5 (d) The assent of two-thirds (2/3) of the members elected to each house of the general
6 assembly shall be required to repeal or amend this section.

7 (e) For the fiscal year ending June 30, 2008 the apportionments of state aid as derived
8 through the calculations as required by subsections (a) through (c) of this section shall be
9 adjusted downward statewide by (\$10,000,000).

10 (f) For the fiscal year ending June 30, 2009, the total amount of aid shall be twenty-
11 five million dollars (\$25,000,000) with such distribution allocated proportionately on the same
12 basis as the original enactment of general revenue sharing for FY 2009.

13 (g) For the fiscal year ending June 30, 2010 and thereafter, funding shall be determined
14 by appropriation.

15 SECTION 3. This article shall take effect as of July 1, 2009.

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NEW ARTICLE

RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTION

SECTION 1. This article consists of a Joint Resolution that is submitted pursuant to Rhode Island General Laws § 35-18-1, et seq.

SECTION 2. *Rhode Island College Recreation Center Project.*

WHEREAS, the Board of Governors for Higher Education and Rhode Island College are proposing a project to renovate the existing recreation center on the Rhode Island College campus; and

WHEREAS, the recreation center, completed in 1989, is old and outdated, and requires significant upgrades in order to remain a viable facility; and

WHEREAS, the retention and growth of student enrollment is critical to the fiscal health of the College; and

WHEREAS, the ability to offer potential undergraduates a renovated, state-of-the-art recreation center is seen as a major determining factor in the decision of students to attend the College; and

WHEREAS, the recreation center would be renovated and turned into a state-of-the art facility as a result of the project, and

WHEREAS, the Rhode Island Public Corporation Debt Management Act requires the general assembly to provide its consent to the issuance or incurring by the State of Rhode Island and other public agencies of certain obligations including financing guarantees or other agreements; and

WHEREAS, the funding of the project will be financed through Rhode Island Health and Education Building Corporation revenue bonds, with an expected amortization period of thirty (30) years; and

WHEREAS, the proposed debt issuance for the project is eleven million three hundred ten thousand dollars (\$11,310,000), including renovation costs of ten million dollars (\$10,000,000), cost of issuance and surety premium estimated at four hundred twenty-six thousand fifty dollars (\$426,050), and a debt service reserve fund of eight hundred eighty-three thousand nine hundred fifty dollars

1 (\$883,950). Debt service payments would be supported by recreation fee revenues generated at Rhode
2 Island College. Total debt service on the bonds is not expected to exceed eight hundred eighty four
3 thousand dollars (\$884,000) annually and twenty six million five hundred thousand (\$26,500,000) in the
4 aggregate, based on an average interest rate of six and one half percent (6.50%) over thirty years; now,
5 therefore, be it

6 RESOLVED, that this general assembly hereby approves financing in an amount not to exceed
7 eleven million three hundred ten thousand dollars (\$11,310,000) for the renovation of the recreation
8 center on the Rhode Island College campus; and be it further

9 RESOLVED, that this Joint Resolution shall apply to bonds issued on or before June 30, 2010.

10 SECTION 3. This article shall take effect upon passage.