Memorandum

To: The Honorable Marvin L. Abney
Chairman, House Finance Committee
The Honorable William Conley, Jr.
Chairman, Senate Finance Committee

From: Thomas A. Mullaney
Executive Director/State Budget Officer

Date: May 2, 2017

Subject: New Article – Relating to Sale of State-Owned Property (17-H-5175)

The Governor requests that a new article entitled “Relating to State-Owned Property” be added to the FY 2018 Appropriations Act. This new article would authorize the State Controller to offset any current recorded outstanding liability on the part of developmentally disability organizations against the proceeds from the sale of state-owned group homes to which these liabilities are related, prior to any proceeds being deposited to the Information Technology Investment Fund.

As of June 30, 2016, the State Controller recorded $13.3 million of accounts receivable from various providers of services to the developmentally disabled. Most of these liabilities are connected to state-owned group homes operated by these providers. As a part of a HCBS compliance strategy, which focuses on person-centered planning, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals desires to move consumers to less restrictive family and community based settings resulting in the closure of various group homes. In certain circumstances, this would require the provider to repay the State for the outstanding liability, which most providers would not be able to afford. Upon closure of the group homes, the Department would seek to sell the property and thus requests that the outstanding liability of the provider be netted against the sale price of the group home. Any remaining proceeds would be deposited to the Information Technology Investment Fund, in accordance with current law.

If you have any questions concerning this new article, please feel free to reach out to me or my staff at 222-6300.

TAM: 18-Amend-16
Attachment

TDD#: 277-1227
cc: Sharon Reynolds Ferland, House Fiscal Advisor
    Stephen Whitney, Senate Fiscal Advisor
    Michael DiBiase, Director of Administration
    Jonathan Womer, Director, Office of Management and Budget
    Gregory Stack, Supervising Budget Analyst
    Carmela Corte, Supervising Budget Analyst
NEW ARTICLE

RELATING TO SALE OF STATE-OWNED PROPERTY

SECTION 1. Section 37-7-15 of the General Laws in Chapter 37-7 entitled "Management and Disposal of Property is hereby amended to read as follows:

§ 37-7-15 Sale of state-owned land, buildings and improvements thereon and other real property. (a) Total annual proceeds from the sale of any land and the buildings and improvements thereon, and other real property title to which is vested in the State of Rhode Island or title to which will be vested in the state upon completion of any condemnation or other proceedings, shall be transferred to and made available for the purposes outlined in § 42-11-2.5 of the general laws, unless otherwise prohibited by federal law.

(b) Provided, however, this shall not include proceeds from the sale of any land and the buildings and improvements thereon that will be created by the relocation of interstate route 195 which is sometimes collectively referred to as the "I-195 Surplus Land" which land is identified in the "Rhode Island Interstate 195 Relocation Surplus Land: Redevelopment and Market Analysis" prepared by CKS Architecture & Urban Design dated 2009, and such term means those certain tracts or parcels of land situated in the city of Providence, county of Providence, State of Rhode Island, delineated on that certain plan of land captioned "Improvements to Interstate Route 195, Providence, Rhode Island, Proposed Development Parcel Plans 1 through 10, Scale: 1"

(c) Subject to the approval of the director of the department of administration, the state controller is authorized to offset any currently recorded outstanding liability on the part of developmental disability organizations (DDOs) to repay previously authorized startup capital advances against the proceeds from the sale of group homes within a fiscal year prior to any sale proceeds being deposited into the information technology investment fund.

SECTION 2. Section 42-11-2.5 of the General Laws in Chapter 42-11 entitled "Department of Administration is hereby amended to read as follows:
§ 42-11-2.5 Information technology investment fund. (a) All sums from the sale of any land and
the buildings and improvements thereon, and other real property title to which is vested in the state except
as provided in subsection 37-7-15(b) and 37-7-15(c) shall be transferred to an Information Technology
Investment Fund restricted receipt account that is hereby established. This fund shall consist of such sums
from the sale of any land and the buildings and improvements thereon, and other real property title to which
is vested in the state except as provided in subsection 37-7-15(b) and 37-7-15(c), as well as a share of E-
911 Uniform Emergency Telephone System surcharge revenues collected under the provisions of § 39-
21.1-14. This fund may also consist of such sums as the state may from time to time appropriate, as well as
money received from the disposal of information technology equipment, loan, interest and service charge
payments from benefiting state agencies, as well as interest earnings, money received from the federal
government, gifts, bequest, donations, or to otherwise from any public or private source. Any such funds
shall be exempt from the indirect cost recovery provisions of § 35-4-27.

(b) This fund shall be used for the purpose of acquiring information technology improvements,
including, but not limited to, hardware, software, consulting services, and ongoing maintenance and
upgrade contracts for state departments and agencies.

(c) The division of information technology of the Rhode Island department of administration shall
adopt rules and regulations consistent with the purposes of this chapter and chapter 35 of title 42, in order
to provide for the orderly and equitable disbursement of funds from this account.

SECTION 3. This article shall take effect as of July 1, 2017.