

On page 103, Line 34, change the name from “Capital Police Internal Service Fund” to “Capitol Police Internal Service Fund”. Correct spelling of program name.

Decrease “Health Insurance Internal Service Fund”, Page 104, Line 2 by \$53,880,792 from \$304,008,549 to \$250,127,757.

Delete “Health Insurance – State Police Internal Service Fund - \$2,123,495”, Page 104, Line 3.

Delete “Other Post-Employment Benefits Fund - \$213,678”, Page 104, Line 4.

Insert on Page 104 after Line 2 the following new line “OPEB – Retired State Employees - \$47,694,106”.

Insert on Page 104 after Line 2 the following new line “OPEB – Retired Higher Education Employees - \$2,462,582”.

Insert on Page 104 after Line 2 the following new line “OPEB – Retired Teachers - \$7,311,922”.

Insert on Page 104 after Line 2 the following new line “OPEB – Retired State Police - \$2,983,594”.

Insert on Page 104 after Line 2 the following new line “OPEB – Retired Legislators - \$750,031”.

Insert on Page 104 after Line 2 the following new line “OPEB – Retired Judges - \$904,362”.

ARTICLE 11, RELATING TO MUNICIPAL INCENTIVE AID

GBA 4

The Governor requests that Article 11 be replaced in its entirety with the attached version. The purpose of the revisions to Article 11 is to clarify certain language in the Article. The revised article clarifies that municipalities with pension plans in the state-administered municipal pension system (MERS) would receive municipal incentive aid under this Article in fiscal years 2014, 2015, and 2016.

It also clarifies that in order for those municipalities with local plans in a critical status (less than 60 percent funded) to be eligible to receive municipal incentive aid, they would be required to:

- notify plan participants and others pursuant to chapter 45-65, and

- submit to the Department of Revenue a Funding Improvement Plan (FIP) approved by the plan sponsor and the local governing body.

For those municipalities with local plans in critical status to be eligible to receive municipal incentive aid in FY 2014, the FIP would be required to be approved by the plan sponsor and the local governing body no later than June 1, 2013. The original Article 11 required the approval by May 1, 2013.

Furthermore, it clarifies that for FY 2015 and FY 2016, a municipality would receive aid if the municipality has implemented the original recommended FIP, or an amended FIP pursuant to chapter 45-65, within 18 months after an actuary certifies that a locally-administered plan is in critical status for a plan year, rather than by June 1, 2014 as provided in the original Article.

Lastly, the revised Article clarifies that municipalities would receive aid if a FIP is required pursuant to chapter 45-65, however, the due date for the FIP submission or implementation is after the March payment of this municipal incentive aid.

ARTICLE 16, RELATING TO RESTRICTED RECEIPT ACCOUNTS

GBA 45

Section 1, Indirect Cost Recoveries on Restricted Receipt Accounts: Add Forfeited Property - Gambling on page 118, after line 22. The amendment would add the "Forfeited Property - Gambling" restricted receipt account to the exemption list under § 35-4-27 to ensure that the Department of Attorney General keeps all revenues generated from gambling forfeitures, as is the case with other forfeited property and for gambling forfeitures under the Department of Public Safety.

Section 1, Indirect Cost Recoveries on Restricted Receipt Accounts: Add Department of Transportation and add RI Highway Maintenance Account – DMV Fees on page 119, after line 32. The amendment would add the "RI Highway Maintenance Account – DMV Fees" restricted receipt account to the exemption list under § 35-4-27 to ensure that the Rhode Island Department Of Transportation (RIDOT) keeps all revenues generated from the new registration fees. Chapter 39-18.1 entitled "Transportation Investment and Debt Reduction Act of 2011" created the Rhode Island highway maintenance trust fund. Article 6 of the Governor's FY 2014 Budget submission changes the name from "highway maintenance trust fund" to "highway maintenance account". The chapter currently creates a special account in the general fund which will consist of funds that the state generates through new registration fees that will be implemented beginning July 1, 2013 to be used by RIDOT in place of general obligation bonds. Article 6 amends this language and strikes out "general fund" and adds the "intermodal surface transportation fund (IST)" which is RIDOT's own funding source. By doing so, a restricted receipt account entitled "RI Highway Maintenance Account – DMV Fees" has been created within the IST fund.

GBA 4

REVISED ARTICLE 11 (3/8/2013)

RELATING TO MUNICIPAL INCENTIVE AID

SECTION 1. Title 45 of the General Laws entitled "Towns and Cities" is hereby amended by adding thereto the following chapter:

CHAPTER 13.2

MUNICIPAL INCENTIVE AID

§ 45-13.2-1. Short title. – This chapter shall be known as the Municipal Incentive Aid Act.

§ 45-13.2-2. Legislative Findings. – It is hereby found and declared as follows:

(a) The fiscal health of its municipalities is of paramount importance to the state of Rhode Island;

(b) Local municipalities in Rhode Island are facing ever-increasing costs for retirement related expenses;

(c) Retirement plans represent significant cost drivers for municipal budgets;

(d) Many municipalities currently have significantly under-funded retirement plans;

(e) These unfunded liabilities either jeopardize or threaten to jeopardize the fiscal stability of municipalities;

(f) Fiscal instability in a municipality adversely affects the state's financial interests; and

(g) Local municipalities should be encouraged to improve the sustainability of their retirement plans by reducing the unfunded liabilities thereunder and by funding the plans in a fiscally responsible manner.

§ 45-13.2-3. Definitions. For purposes of this chapter "municipality" means any city or town of the state.

§ 45-13.2-4. State Aid Incentive Program Appropriated. – There are hereby appropriated funds for a state aid program entitled "Municipal Incentive Aid Program." For fiscal year 2014 the amount of ten million dollars (\$10,000,000) shall be appropriated, and an amount

of ten million dollars (\$10,000,000) will be requested for appropriation for fiscal year 2015 and for fiscal year 2016. Municipal Incentive Aid shall be administered and managed by the division of municipal finance within the department of revenue.

§ 45-13.2-5. Purpose of the Municipal Incentive Aid Program. – The purpose of this Municipal Incentive Aid program, shall be to encourage municipalities to improve the sustainability of their retirement plans and to reduce unfunded liabilities thereunder, by providing additional state aid to those municipalities that comply with the requirements and provisions of this chapter.

§ 45-13.2-6. Distributions. – (a) Municipal Incentive Aid described in this chapter shall be distributed to eligible municipalities on the basis of the most recent population estimate for each municipality as a share of the total state population reported by the U.S. Department of Commerce, Bureau of the Census. Such payments shall be made to eligible communities in March 2014, March 2015, and March 2016.

(b) For fiscal year 2014, municipalities shall be eligible to receive aid under this chapter if (1) the municipality has no locally-administered pension; or (2) the municipality notified plan participants, beneficiaries and others pursuant to chapter 45-65, and submitted to the state's department of revenue a Funding Improvement Plan ("FIP"), pursuant to chapter 45-65, for every locally-administered pension plan in that municipality, and each FIP had been approved by the plan sponsor and the local governing body no later than May 1, 2013; or (3) there existed a locally-administered pension plan(s) in that municipality, but either (i) no FIP was required pursuant to chapter 45-65, or (ii) a FIP is required pursuant to chapter 45-65, however, the due date for the FIP submission is after the March payment of state aid.

(c) For fiscal years 2015 and 2016, municipalities shall be eligible to receive aid under this chapter, if (1) the municipality has no locally-administered pension; or (2) the municipality has transitioned all locally-administered pension plans into MERS by June 30, 2014; or (3) the municipality notified plan participants, beneficiaries and others pursuant to chapter 45-65 and had

submitted to the state's department of revenue a FIP, pursuant to chapter 45-65, for every locally-administered pension plan and each submitted FIP meets the guidelines of the Study Commission on Locally-Administered Pension Plans or otherwise applicable guidelines or regulations and each FIP has been approved by the plan sponsor and the local governing body; or (4) the municipality has implemented the original recommended FIP or an amended FIP pursuant to chapter 45-65 within 18 months after an actuary certifies that a locally administered plan is in critical status for a plan year; and the FIPs are approved by the plan sponsor and the local governing body; or (5) there existed a locally-administered pension plan in that municipality, but either (i) no FIP was required pursuant to chapter 45-65 and the municipality is funding one hundred percent (100%) of its Annually Required Contribution (ARC), or (ii) a FIP is required pursuant to chapter 45-65; however, the due date for the FIP submission or implementation are after the March payment of state aid.

(d) In any fiscal year that a municipality does not receive an appropriation under this chapter, the amount that would have been allocated to the municipality will be distributed in the month of May among the other eligible municipalities for that fiscal year, on the basis of the most recent population estimate for each municipality as a share of the total state population reported by the U.S. Department of Commerce, Bureau of the Census.

SECTION 2. This article shall take effect upon passage.