



SENATE FISCAL OFFICE

***FY2026 Budget as Passed by the House of Representatives
(2025-H-5076 Substitute A as amended)***

JUNE 17, 2025

The following report provides a summary of the floor amendments to 2025-H-5076 Substitute A as amended, as passed by the House of Representatives. The table below summarizes the FY2025 and FY2026 appropriations as included in the amended legislation.

Expenditures by Source	FY2025 Enacted	FY2025 Governor	FY2025 Supp.	Change to Enacted	FY2026 Governor	FY2026 Budget	Change to Enacted
General Revenue	\$5,594.9	\$5,610.7	\$5,597.6	\$2.7	\$5,743.1	\$5,809.4	\$214.5
Federal Funds	5,066.5	5,660.4	5,612.7	546.1	5,090.2	5,108.5	41.9
Restricted Receipts	463.1	491.0	491.6	28.5	446.2	458.5	(4.6)
Other Funds	2,838.7	3,171.1	3,065.7	227.0	2,936.6	2,960.0	121.3
Total	\$13,963.2	\$14,933.2	\$14,767.6	\$804.4	\$14,216.1	\$14,336.4	\$373.2
FTE Authorization	15,772.8	15,772.8	15,772.8	-	15,806.8	15,921.8	149.0

\$ in millions. Totals may vary due to rounding.

GENERAL REVENUE BUDGET SURPLUS STATEMENT

	FY2023 Audited	FY2024 Audited	FY2025 Supplemental	FY2026 Budget
Opening Surplus				
Free Surplus	\$209,649,745	\$412,262,973	\$326,355,037	\$230,213,058
Adjustment to Opening Surplus	\$270,762,495	\$30,341,969		
Reappropriated Surplus	19,442,046	45,152,130	34,569,423	
Subtotal	\$499,854,286	\$487,757,072	\$360,924,460	\$230,213,058
Total Revenues	\$5,212,664,935	\$5,418,703,841	\$5,624,275,831	\$5,766,500,068
To Cash Stabilization Fund	(162,669,440)	(175,124,919)	(178,518,926)	(179,901,394)
From Cash Stabilization Fund				
Total Available Resources	\$5,549,849,781	\$5,731,335,994	\$5,806,681,365	\$5,816,811,732
Total Expenditures	\$5,074,929,246	\$5,236,111,578	\$5,597,598,073	\$5,809,363,121
Total Surplus	474,920,535	495,224,416	209,083,292	7,448,611
Transfer to IT/Historic/Other	(4,444,444)	(91,000,000)	(4,000,000)	(6,500,000)
Repeal transfer to SRD/Homeless			46,779,744	
Transfer to Retirement System	(6,530,494)	(21,649,978)	(21,649,978)	
Transfer to Supp. State Budget Reserve				
Fund	(6,530,494)	(21,649,978)		
Reappropriations	(45,152,130)	(34,569,423)		
Free Surplus	\$412,262,973	\$326,355,037	\$230,213,058	\$948,611
Rainy Day Fund	\$271,115,733	\$291,537,003	\$297,426,453	\$299,793,117

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REVENUE CHANGES

FY2025

H-5076 Substitute A as amended assumes an additional \$1.0 million in available general revenue resources in FY2025 related to increased departmental receipts within the Office of the Health Insurance Commissioner based on very recent fines levied against three health insurance providers for COVID-19 cost sharing coverage violations.

FY2026

H-5076 Substitute A as amended assumes an additional \$660,000 in available general revenue resources in FY2026 related to the new budget initiative added by the House Finance Committee that increases base rates to nursing facilities to 3.0 percent. This yields an additional \$5.0 million in general revenue (\$12.0 million all funds). This additional funding to the providers, however, increases the gross patient revenue (GPR) of the providers which is subject to the 5.5 percent health care provider tax. Applying the tax to the new GPR yields \$660,000 in additional revenue.

ARTICLE 1: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY2025 (LC000672/9)

Department of Labor and Training

The amendment requires the Department to provide hospitality workforce training in multiple languages. Specifically, the training must include certified food and alcohol safety training programs and expend a minimum of \$150,000 in restricted receipts. The amendment does not increase the Department's restricted receipt funding for the initiative.

Executive Office of Commerce

The amendment adds \$125,000 in general revenue expenditures within the Commerce Programs program for the State's Main Street Rhode Island Streetscape Improvement Fund. This fund provides loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade streetscapes in local business districts. Projects include refurbishing facades, improved lighting, and signage. Recipients are required to provide a 30.0 percent match.

Department of Housing

The amendment increases general revenues in the Department of Housing by \$100,000 to be specifically allocated to Sojourner House for supportive housing and rapid rehousing activities.

Executive Office of Health and Human Services

The amendment provides that \$150,000 of the general revenue appropriation in Central Management will be for an Olmstead Plan Coordinator.

Department of Children, Youth, and Families

The amendment updates reporting requirements for the Department of Children, Youth, and Families to require a report on the process of maintaining the Department's accreditation every 90 days beginning September 30, 2025. The amendment mandates that the report include, at minimum, data regarding recruitment and retention efforts, including maintaining a diverse workforce, documentation of newly filled and vacated positions, and progress in reducing worker caseloads. The amendment also requires that the report include data on filled FTE positions, including the number of filled positions as compared to both the Department's authorization and the staffing

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recommendation from the October 2020 accreditation plan, as well as information on turnover assumptions.

Elementary and Secondary Education

The amendment adds \$1.3 million in general revenue for Learn365 Out of School Time with a focus on critical skill development. These funds are to be used to provide grants to municipalities to start or continue out-of-school time programming consistent with the Learn365RI goals of “increasing school attendance, improving reading and math skills, and ensuring that high school graduates have a meaningful plan upon graduation.”

Department of Transportation

The amendment revises the funding allocation for the Municipal Roads Grant Program, also known as RhodeRestore. The amendment requires 25.0 percent of funds to be distributed equally to participating municipalities and 75.0 percent to be allocated proportionally based on each municipality’s share of municipally maintained road miles.

Additionally, the amendment clarifies that sufficient funds from RIPTA’s gasoline tax proceeds support the State’s paratransit program in addition to the expansion pilot program titled RIdewhere, ensuring that the statewide paratransit services are maintained.

ARTICLE 2: RELATING TO STATE FUNDS (LC000673/6)

This floor amendment exempts the “Tuition Savings Program Fund” from the Indirect Cost Recovery charge and makes technical changes correcting drafting errors.

ARTICLE 3: RELATING TO GOVERNMENT REFORM AND REORGANIZATION (LC000674/7)

This floor amendment authorizes the Cannabis Control Commission to temporarily suspend hemp applications and issuance of new hemp licenses for a defined period if the Commission determines that this action is necessary to; evaluate market conditions, ensure adequate oversight, and address any public health, safety, or environmental welfare. The Commission may continue to process renewal applications during the duration of the suspension. The remaining amendments are technical, correcting typos and other drafting errors.

ARTICLE 4: RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTIONS (LC000675/2)

This floor amendment is technical, correcting drafting errors.

ARTICLE 5: RELATING TO TAXES AND FEES (LC000676/9)

This floor amendment adds several new provisions various revenue initiatives included in Article 5. These include:

- **Inflation Adjustment for Non-Owner-Occupied Home and Real Estate Conveyance Taxes:** Adding a provision to the new 0.50 percent non-owner-occupied tax, that requires that, for tax years beginning on or after July 1, 2027, the \$1.0 million non-owner-occupied home value threshold that triggers the tax be annually adjusted by the percentage increase in the CPI-U. This adjustment shall be compounded annually. It also adds as similar adjustment to be applied to \$800,000 home sale value threshold that triggers the second-tier of the real estate conveyance tax.

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- **Technical and Grammatical Corrections:** Making technical, grammatical, and statutory construction changes to Section 4 (Revenue Base Protections Against Federal Actions), Section 7 (Hotel and Whole-Home Short-Term Rental Tax), and Section 18 (Non-owner-occupied Home Tax).
- **Effective Date:** Clarifies that Section 1 relating to the new whole-home short-term rental tax becomes effective on January 1, 2026.

ARTICLE 6: RELATING TO ECONOMIC DEVELOPMENT (LC000677/2)

This floor amendment aligns the Rebuild RI and Historic Preservation Tax Credit program's definitions and provisions around the type of projects that are subjected to the prevailing wage laws.

ARTICLE 7: RELATING TO EDUCATION (LC000678/5)

To address "the budgetary uncertainty that current law creates for local districts, charter schools, and mayoral academies", beginning in FY2026, the amendment restores the Governor's recommendation to cap the reduction in local tuition to charter schools and mayoral academies at 14.0 percent. For illustrative purposes, the table at right shows additional costs for districts had the cap been in place in FY2025. Based on the local tuition rates published by the Department of Elementary and Secondary Education, no impact is project for FY2026 since the only district that would trigger the cap is not within the catchment area of an existing mayoral academy.

**Article 7 - Local Tuition Reduction
Capped at 14.0 Percent
(Based on FY2025 Data)**

Local Tuition	
District	Costs
Jamestown	\$26,760
Johnston	-
Woonsocket	737,504
Bristol-Warren	-
Exeter-West Greenwich	-
Foster-Glocester	-
Central Falls	857,945
District Total	\$1,622,208

Currently, under RIGL 16-7.2-5, sending districts pay tuition for resident students who attend charter and state schools. The tuition is equivalent to the local, per-pupil cost as calculated by dividing the local appropriation to education from property taxes, minus debt service and capital projects, by the number of resident, full-time equivalent students in the district, including charter and state-school students. The per-pupil amount is then reduced by the greater of:

1. 7.0 percent of the district's per-pupil funding, or
2. the district's per-pupil cost of certain, unique expenditures, such as non-public textbooks and retiree health benefits, minus the average charter school per-pupil cost for these items, as reported in the uniform chart of accounts.

If a district triggers option 2, then there is an additional reduction for tuition payments to mayoral academies where teachers do not participate in the state teacher's retirement system equal to the per-pupil cost of the unfunded liability for the preceding year.

There is a two-year lag in the data such that FY2025 tuition rates are based on FY2023 contributions and expenditures.

ARTICLE 8: RELATING TO MEDICAL ASSISTANCE (LC000679/4)

This floor amendment

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- makes various technical amendments requested by EOHHS and OHIC
- clarifies that a one-time report making and justifying recommendations for adjustments to primary care services reimbursement will include recommendations for financing, and consideration of Medicaid, Medicare, commercial, and alternative contract payments.
- Clarifies the 340B Program language
- Provides that the three-year prior authorization pilot within Medicaid does not apply to pharmaceutical drugs and/or products.

ARTICLE 9: RELATING TO HOUSING (LC000680/2)

This floor amendment corrects several typos as well as the inadvertent omission of language relating to lead hazard mitigation. Article 9 formally shifts responsibility as the lead state agency for all components of lead hazard mitigation from the Housing Resources Commission to the Department of Health; this amendment adds language to ensure that there is no lapse in regulation during this transition.

ARTICLE 11: MOTOR VEHICLES AND TRANSPORTATION (LC000682/3)

This floor amendment makes various technical corrections including the renumbering of sections and confirming of effective dates, as well as clarifying that the receipts collected as a result of the increased motor vehicle violation fines are deposited to the general fund.

The amendment also makes the statutory changes that permit the sales tax adjustment for the motor vehicle excise tax reimbursement state aid program to take place and be distributed in FY2025, and then locks in the reimbursement to either the FY2024 distribution amount or the FY2025 amount, whichever is higher.

Analyst Note: The reason why the distribution amount received by a municipality in FY2025 may be slightly lower despite growth in the sales tax is related to the nature of the calculation, which requires rounding the distribution to the nearest 0.01 percent. This rounding requirement in some instances may decrease a distribution in comparison to the FY2024 amount.

ARTICLE 13: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY2025 (LC000684/2)

This floor amendment makes technical and statutory construction changes to various sections of Article 13.