



February 6, 2025

The Honorable Marvin Abney, Chairman  
House Finance Committee  
State House  
Providence, RI 02903

Dear Chairman Abney:

The undersigned members of the Rhode Island Business Coalition are in opposition to Article 2, Section 2 of House bill 5076, the Governor's Fiscal Year 2026 budget. This article proposes to increase the percentage of certain restricted receipt accounts that are taken and deposited in the state's general fund.

One of the restricted receipt accounts that will be impacted by this increase to the indirect cost recovery transfer is the Administrative Fund which fully supports our workers' compensation system. This fund would now be required to transfer 15 percent of its funding to the state general fund.

For some background, in the early 1990's the General Assembly determined that all government entities that oversee our workers' compensation system would be funded through a central "Administrative Fund". This Fund is capitalized annually by an assessment, based on workers' compensation insurance premium, on the workers' compensation insurance carriers and self-insured employers of our state. The Workers' Compensation Division of the Department of Labor and Training and the Workers' Compensation Court are funded entirely by this assessment. Presently 6.5 percent of every workers' compensation premium dollar is paid annually into this Fund. Rhode Island employers, through this assessment, fund the Rhode Island workers' compensation system in its entirety. No tax dollars are involved.

Currently, the 10 percent transfer equates to approximately \$2 million in workers' compensation insurance premiums or assessments annually that do not go directly to the workers' compensation system. For several years, the Workers' Compensation Advisory Council has proposed adding the Administrative Fund to the list of many other restricted receipt accounts that are exempt from the indirect cost recovery. The Coalition members agree with the Advisory Council.

The Rhode Island Business Coalition represents 50 industries and 6,280 businesses that employ 231,200 people throughout Rhode Island.

Increasing this transfer will likely result in an increase to the 6.5 percent of every workers' compensation premium dollar needed to fund the system.

We request that the Committee does not approve this proposed increase in the indirect cost recovery transfer. The Coalition will support legislation that includes the Workers' Compensation Administrative Fund in the list of accounts exempt from the indirect cost recovery. This will ensure workers' compensation premium dollars go to support the workers' compensation system. Thank you for your consideration of our position on this issue.

Sincerely,

Associated Builders and Contractors – Rhode Island Chapter

Greater Newport Chamber of Commerce

National Federation of Independent Business

North Kingstown Chamber of Commerce

Reivity Energy

Rhode Island Builders Association

Rhode Island Business Group on Health

Rhode Island Hospitality Association

Rhode Island Lumber and Building Materials Dealers Association

Rhode Island Manufacturers Association

Rhode Island Marine Trades Association

Rhode Island Staffing Association

Small Business Summit Tax and Budget Committee

TechNet

cc. House Finance Committee members