Articles of 2026-H 7127

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2027.

Section 2. Line Item Appropriations. This section establishes that each line in Section 1 of Article 1 constitutes an appropriation.

Section 3. Transfer of Functions. This section authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions.

Section 4. Contingency Fund. This section allows for expenditures from the contingency account located within the Office of the Governor's budget for unexpected expenditures or for those departments and agencies where appropriations are insufficient. The Governor must approve all expenditures and transfers from this account.

Section 5. Internal Service Funds. This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions, and other governmental units on a cost reimbursement basis. It reflects the creation of a new fund for Accounts and Control, payroll services and expenses for the Enterprise Resource Planning System.

Section 6. State Fleet Operations. This section authorizes the director of the Department of Administration to centralize state fleet operations under its purview for light and medium duty vehicles.

Section 7. Legislative Intent. This section authorizes the chairpersons of the finance committees of the two chambers to provide a "statement of legislative intent" for specifying the purpose of the appropriations contained in Section 1 of this article.

Section 8. Temporary Disability Insurance Funds. This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund.

Section 9. Employment Security Funds. This section appropriates all funds required for benefit payments to unemployed individuals from the Employment Security Fund.

Section 10. Lottery. This section appropriates to the Lottery Division any funds required for the payment of prizes and commissions.

Section 11. Appropriation of CollegeBound Saver Funds. This section appropriates the funds received by the Office of the General Treasurer from the CollegeBound Saver program for transfer to the Office of Postsecondary Commissioner to support student financial aid for FY 2027. The Governor's budget includes $3.5 million from these sources for state grant programs.

Section 12. Full-Time Equivalent Positions. This section limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2027. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee, may jointly adjust the authorization. It limits appointments for state employees supported by non-state funds to the availability of those funds.

This section also prevents departments from employing contracted employees to work under state supervisors or from replacing work done by state employees without the Director of Administration's determination of need.

The Governor recommends authorization for 13,330.8 full-time equivalent positions for FY 2027. He also proposes language that would exempt the University of Rhode Island from staffing limits retroactively to July 1, 2025. The FY 2026 enacted authorization for the University is 2,671.0 positions, of which 374.8 are limited to third-party funds. Accounting for that exclusion, the recommendation otherwise increases the statewide FY 2026 enacted authorization by 80.0 positions.

Section 13. Multi-Year Appropriations. This section makes multi-year appropriations for numerous projects included in the Capital Budget that are funded from Rhode Island Capital Plan funds over FY 2028 through FY 2031. The FY 2027 and multi-year appropriations supersede appropriations made for capital projects in Section 13 of Article 1 of the FY 2026 Appropriations Act.

Section 14. Reappropriation - RICAP. This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan Fund projects shall be reappropriated to the next year. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Unexpended funds of less than $500 can be reappropriated at the discretion of the State Budget Officer.

Section 15. Rhode Island Housing and Mortgage Finance Corporation. This section requires that the Rhode Island Housing and Mortgage Finance Corporation provides an appropriate amount of resources to support the Neighborhood Opportunities Program. The Corporation is also required to provide to the director of the Department of Administration, Secretary of Housing, and both chairs of the House and Senate Finance Committees a report detailing the amount of funding and information such as the number of housing units provided.

Section 16. Pawtucket Downtown Redevelopment. This section provides the mechanism to allow taxes collected pursuant to the tax incentive financing statute to be appropriated to the Downtown Pawtucket Redevelopment Economic Activity Fund to finance development projects in the existing economic development district, in accordance with the law passed in 2019. The Governor includes $1.5 million from restricted receipts for FY 2027.

Section 17. State Fiscal Recovery Funds. This section clarifies that appropriations of federal funds in section one shall not be construed to mean State Fiscal Recovery and Capital Projects funds enacted as part of the American Rescue Plan Act unless specifically designated as such. It contains a description of each project for which any appropriation is made.

Section 18. Reappropriation - State Fiscal Recovery Funds. This section provides that any unexpended and unencumbered funds from the State Fiscal Recovery and Capital Projects funds shall be reappropriated to the following year. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. This is similar to the treatment of Rhode Island Capital Plan funds.

Section 19. State Fiscal Recovery Funds Reporting and Compliance. This section requires the Pandemic Recovery Office to monitor programs funded with State Fiscal Recovery and Capital Projects funds. It requires the Office to report quarterly to the Speaker of the House and Senate President, with copies to the House and Senate Finance Committee chairpersons, identifying programs at risk of significant underspending or noncompliance with federal or state requirements. The report, at a minimum, must include an assessment of how programs that are at risk can be remedied. The last quarterly report is due on January 31, 2025, with twice-yearly reporting beginning April 30, 2025, through October 31, 2026.

It retains the enacted authority for the Governor to reclassify program income or unspent funds at-risk of federal forfeiture to other eligible projects if the value of the proposal is less than $1.0 million and less than 20.0 percent of total program appropriations. Proposals exceeding $1.0 million or 20.0 percent of program appropriations must be referred to the Assembly to go into effect within 30 days unless rejected by joint action of the House and Senate.

Section 20. Effective Date. This section establishes that the article is effective as of July 1, 2026, except as otherwise provided within the article.

Article 2. State Funds

Section 1. Indirect Cost Recovery. This section adds the Rhode Island Uninsured Protection Fund to the list of restricted receipt accounts exempt from indirect cost recovery charges, retroactive to July 1, 2025. This is a technical correction to be consistent with the FY 2026 enacted budget provision to exempt the Workers' Compensation Administration Fund. The Uninsured Protection Fund has traditionally been considered as part of the overall Workers' Compensation Administration Fund but appears in a separate statute.

Section 2. Highway Maintenance Account. Under current law, the Rhode Island Public Transit Authority receives 10.0 percent of the Highway Maintenance Account, in addition to a fixed $5.0 million annually. This section amends the allocation to increase the fixed annual allocation by $9.3 million to $14.3 million. Based on projected revenues, the total share would increase from $17.2 million to $26.5 million for FY 2027.

Article 3. Government Reform and Reorganization

Section 1. Line-Item Veto. This joint resolution would submit a proposed amendment to the state's constitution to the electors, granting the Governor line-item veto power and describing its applicability to appropriation lines and statutory language. It also changes the veto override for appropriation bills from three-fifths present and voting to two-thirds of the members elected.

Section 2. Paint Recycling. This section requires the representative organization responsible for the paint stewardship program to submit a revised program plan to the Department of Environmental Management for review and approval every five years. The first updated plan would be due December 31, 2026. Current law limits reporting to specific situations, including changes to assessments.

Section 3. Green Buildings. This section transfers administrative authority for the Green Building Advisory Council and the Green Buildings Act from the Department of Administration to the State Building Office within the Department of Business Regulation. It also requires the Department of Administration to produce a report regarding the costs and benefits of obtaining LEED certification for state facilities, for which the Governor's recommendation includes $50,000 from general revenues.

Sections 4, 5, and 17. Office of Energy Resources. These sections transfer administration of the Weatherization Assistance Program from the Department of Human Services to the Office of Energy Resources, which is responsible for other related grants and programs. The program provides low-income individuals, particularly the elderly, persons with disabilities, families with children, high-energy residential users, and households with a high energy burden, with weatherization improvements to lower utility costs.

The article also authorizes the Department to offer advisory assistance to the Office in order to maintain continuity to eligible households. The Governor's recommended budget includes $10.9 million from federal funds and the current 4.0 full-time equivalent positions as part of the Office's budget for FY 2027.

Section 17 also expands the Office of Energy Resources' duties to include administering general obligation bond funds. The Governor's capital budget proposal includes a $10.0 million allocation of proceeds from a new bond referendum to support energy efficiency infrastructure.

Sections 6, 7, and 19 through 21. Big River Management Area. These sections grant the Department of Environmental Management authority over the land and natural resources of the Big River Management Area, as well as the authority to promulgate and enforce related rules and regulations. It also transfers contracting authority to land and waters acquired under the Big River-Wood River Reservoir Acquisition Act. These are currently administered by the Water Resources Board within the Department of Administration. The proposed language clarifies that the Water Resources Board continues to exercise powers in freshwater resource management. Other sections reiterate the Department of Environmental Management's administrative and contracting authority over the Water Resources Board regarding the Big River Management Area, as applicable.

The Governor's budget transfers a position from the Department of Administration to the Department of Environmental Management as part of this change.

Section 8. Rebuild Rhode Island. This section would increase the aggregate Rebuild Rhode Island tax credit cap from $225.0 million, inclusive of sales tax exemptions, to $250.0 million, and extend the sunset provision one year to December 31, 2027.

Sections 9 through 15 and 18. Sunsets. These sections extend sunset provisions for the Tax Increment Financing, Tax Stabilization Incentive, First Wave Closing Fund, I-195 Redevelopment Fund, Wavemaker Fellowship, Main Street Streetscape Improvement Program, Innovation Initiative, and the Qualified Jobs Tax Credit by one year to December 31, 2027.

Section 16. State Facilities Benchmarking and Performance Standards Program. This section establishes the State Facilities Benchmarking and Performance Standards Program to measure and report energy usage for state-owned state-occupied facilities. It defines these as state-owned buildings primarily used as offices for state employees that have at least 25,000 square feet of space. The Office of Energy Resources and the Department of Administration are authorized to determine which state-owned state-occupied facilities are not suitable for achieving greenhouse gas emission reductions because of operational or physical limitations. This section also establishes a Voluntary Energy Benchmarking Program for municipal properties and requires an annual report on its progress, submitted to the Governor and the General Assembly by May 1, 2028.

It requires an annual report on the energy usage of state facilities, beginning March 31, 2029. The Office of Energy Resources would be responsible for compiling and publishing the report, which must include each facility's energy use by fuel and total emissions. It requires the Office, in consultation with agencies, to develop performance standards by March 31, 2030, which agencies must meet.

Sections 22 and 23. Financial Assistance for Lakes Management. These sections modify the Freshwater Lake Management Program to define "lake" and "pond," used interchangeably, and authorize the Bays, Rivers and Watersheds Fund to support the program. The proposed language clarifies that the definition of lakes and ponds does not include commercial or industrial water bodies and deletes the reference to a Lake Management Fund, which was never established. Section 22 also adds references to the 2021 Climate Act, replacing the 2014 Resilient Rhode Island Act.

Article 4. Public Debt Management Act

The Public Corporation Debt Management Act requires that the Assembly approve all new non-general obligation debt authorizations, except in certain circumstances. Article 4 contains three authorizations totaling $55.0 million to support one project at Rhode Island College and two projects at the University of Rhode Island. It would authorize $20.6 million for renovations to student housing at Rhode Island College. It would also authorize $20.0 million for repaving and hardscape improvements and $14.4 million to provide space for automotive and administrative mail and printing services at the University of Rhode Island. Annual debt service would not exceed $4.8 million for the three projects and would be supported by dedicated student housing and parking revenues, as well as general revenues and tuition and fees.

Article 5. Taxes and Fees

Section 1. Tax Amnesty. This section grants the Division of Taxation authority to implement a 75-day tax amnesty program ending on February 15, 2027. Filers would apply to the Division, and participants will not be subject to penalties or prosecution and will pay the statutory interest rate, reduced by 25.0 percent. The program applies to taxable periods through December 31, 2025, and would not be available to taxpayers under criminal investigation or parties to any court proceedings for fraud related to state taxes. The tax administrator would be required to provide a public analysis of the amnesty program by April 30, 2027, including revenues received by tax source, distinguishing between the tax collected and interest collected for each source. The Governor's budget assumes this will generate $26.3 million in one-time revenues and provides $750,000 for associated expenses, including programming and marketing.

Sections 2 and 6. Income Tax Rates. These sections would add a fourth income tax bracket of 8.99 percent for income over $1.0 million, effective beginning in tax year 2027. Rhode Island currently has three tax brackets at income levels that are adjusted annually for inflation, with the highest at 5.99 percent and applicable to incomes above $186,450 for tax year 2026. Because the thresholds in the statute are from 2011, the current highest tier reads as $125,000. Similarly, the proposed new tier is expressed as the 2011 equivalent of $1.0 million, adjusted for 16 years of inflation, which is $648,398. The Governor's budget assumes $67.1 million in revenue for FY 2027, which would annualize to $135.3 million for FY 2028.

Sections 2 and 6. Research and Development Tax Provisions. H.R.1, signed into law on July 4, 2025, reestablished the ability of businesses to fully expense domestic research and development costs beginning in tax year 2025. Since 2022, federal law has required amortizing those expenses over five years. The FY 2026 enacted budget proactively decoupled the state from any tax year 2025 or earlier provisions that may be enacted after the budget was adopted, requiring their analysis for future action.

The Department of Revenue's October 2025 report on the impacts of H.R. 1's tax provisions identified a revenue loss of $22.6 million for FY 2026 and FY 2027 from this provision as it applies to tax year 2026 and later. These losses were incorporated into the November 2025 consensus revenue estimates. Sections 2 and 6 would decouple the state from federal law beginning with tax year 2026, and the Governor's budget recognizes the revenues for both FY 2026 and FY 2027.

Sections 3 and 4. Tobacco. These sections increase the cigarette tax by $0.75 to $5.25 per pack, including a floor tax adjustment for existing inventory, and eliminate the 1.25 percent discount on cigarette tax stamps purchased by distributors. They also increase the per-cigar tax cap from $0.50 to $2.00; cigars are subject to the 80.0 percent wholesale tax on other tobacco products, up to the cap on each cigar. The changes are effective September 1, 2026, and the Governor's budget assumes $8.0 million in additional revenues.

Sections 5 and 6. Child Tax Credit. These sections would replace the current dependent exemption with a new refundable child tax credit for dependents age 18 and under, effective beginning in tax year 2027. The new credit would equal the dependent exemption, currently $5,250 for 2026, multiplied by the current top income tax rate of 5.99 percent, indexed for inflation. The use of refundable credits means that eligible taxpayers benefit from the full value even if they do not have an offsetting tax liability. Like the current exemption, the credit will phase out for higher-income taxpayers. The maximum credit is estimated to be

$325 for FY 2027, and the Governor's budget assumes a revenue loss of $14.7 million, which would annualize to $29.7 million.

Section 6. Social Security Tax. Under current law, taxpayers who have reached full Social Security retirement age (now 67 years or older) with incomes below $107,000 for an individual and $133,750 for joint filers are exempt from paying state income tax on any of their Social Security income. These sections would expand the exemptions over three years, such that no Social Security income would be taxable in 2029. The proposal eliminates the age threshold for tax year 2027. For 2028, the income thresholds would increase to $165,200 for an individual and $206,550 for joint filers. The Governor's budget recognizes a revenue loss of $3.0 million in FY 2027, increasing to $60.1 million in FY 2030, the first fiscal year with the full impact of the total exemption.

Section 7. Motor Vehicle Excise Tax. This section repeals the current law requirement that reimbursements to cities, towns, and fire districts for the motor vehicle excise tax increase annually, based on the annual change in sales tax collections, but no more than 2.0 percent. It adds language that sets future reimbursements to the amount received in FY 2026. The Governor's budget includes $239.6 million for FY 2026 and FY 2027.

Section 8. Newport Landing and Boarding Fees. The City of Newport is authorized to charge cruise ship operators landing and boarding fees of $10 per passenger. This section increases the fees from $10 to $15 and allocates the increase to the Rhode Island Public Transit Authority. The Governor's budget assumes this will generate $1.0 million. The Assembly authorized Newport to increase these fees in 2024.

Article 6. Capital Development Program

November 2026 Bond Referenda	Amount
Question 1	**$ 215,000,000**
URI Integrated Health Building	105,000,000
RIC Adams Library	50,000,000
CCRI Workforce Innovation Center	60,000,000
Question 2	
Housing and Homeownership	**$ 120,000,000**
Question 3	**$ 115,000,000**
Site Development	70,000,000
Growth Industry Infrastructure	45,000,000
Question 4	
Career and Technical Education	**$ 50,000,000**
Question 5	**$ 50,000,000**
Brownfields Remediation & Economic Development	3,000,000
Facility Improvements	8,000,000
Local Recreation Projects	1,000,000
Marine Infrastructure Development	1,000,000
Resilient Rhody Infrastructure Fund	20,000,000
Narragansett Bay Watershed Restoration	7,000,000
Energy Efficiency	10,000,000
Question 6	**$ 50,000,000**
State History Center	45,000,000
State Preservation Grants Program	5,000,000
Total New Referenda	**$ 600,000,000**

Article 6 places $600.0 million of new general obligation bond authorizations on the November 2026 ballot for voter approval through six separate questions as shown in the following table.

Annual debt service on the entire $600.0 million, supported by general revenues, would be $49.6 million, assuming a 5.0 percent interest rate and a 20-year term. Additionally, the Governor's capital budget relies on multiple funding sources to cover full project costs for some items. For Energy Efficiency, the Governor recommends $10.4 million from Rhode Island Capital Plan funds, and assumes another $5.0 million from federal funds and $10.6 million from restricted receipts. For the State History Center, the Governor recommends $4.5 million from Rhode Island Capital Plan funds.

Article 7. Education

Sections 1 and 3. School Housing Aid Program. Section 1 increases the threshold for which a school construction project requires an owner's program manager and a commissioning agent from $1.5 million to $10.0 million, adjusted for inflation, for all projects completed after July 1, 2026. It also limits the cost for the owner's program manager and commissioning agent to 3.0 percent of total project costs. These sections also shift responsibility for prime contractor prequalification from the School Building Authority to the Division of Purchases.

Section 2. Funding Formula. The student success factor is a single poverty weight included in the funding formula as a proxy for student supports. This section increases that factor from 40.0 percent to 43.0 percent of the core instruction amount for all students. The Governor's budget includes $14.4 million to account for the effects of this change.

Sections 4 and 5. Hope Scholarship. The 2023 Assembly established a new Rhode Island Hope Scholarship pilot program to provide the final two years of free tuition and mandatory fees at Rhode Island College for qualifying Rhode Island students, implemented for four cohorts of students beginning in the fall of 2023. The 2024 Assembly extended the pilot for two years, including the last cohort entering their junior year in the fall of 2029, to allow for a better evaluation of the program's impact on enrollment and timely graduation, with an evaluation due July 1, 2030. These sections would make the pilot program permanent before the required evaluation.

Section 6. School Building Authority Capital Fund. This section eliminates the requirement that any current year difference between appropriations and entitlements under the traditional housing aid program be transferred to the School Building Authority Capital Fund, effective for FY 2027. Current practice is for the revised budget to identify the difference as a separate appropriation line authorizing that transfer. For FY 2026, the estimated difference is $5.9 million, but the Governor's budget does not designate appropriation authority for it.

Article 8. Medical Assistance

Section 1. Hospital License Fee. This section extends the current assumption of the three-tiered license fee system for community hospitals with FY 2027 payments totaling $228.5 million based on 2023 revenue. This section also extends the fee for Eleanor Slater Hospital at a 5.25 percent rate based on 2023 revenues, totaling $4.0 million. This is the same as the one-year rate set for FY 2026. The budget assumes total revenues of $232.5 million from both payments, consistent with FY 2026.

Federal limits on provider taxes like this one were adopted in H.R. 1 and require a phase-down from the prior limit of 6.0 percent to 3.5 percent by FY 2032. The current rates will exceed federal caps in FY 2029 when the threshold is lowered to 5.0 percent.

Section 2. Hospital and Nursing Home Rates. The section replaces the current law price index included in the November Caseload Conference estimate applicable for hospital and nursing facilities reimbursements with a 2.5 percent rate increase for FY 2027 only.

For inpatient and outpatient hospital services, the Governor's budget includes savings of $1.5 million, of which $0.5 million is from general revenues, from reducing the July 1, 2026, rate increase that ranged from 2.6 percent for payments through managed care plans to 3.3 percent for fee-for-service reimbursements.

For nursing homes, the budget includes savings of $5.0 million, of which $2.1 million is from general revenues, from reducing the October 1, 2026 adopted rate of 3.2 percent.

Section 3. Hospital Payments. This section includes uncompensated care payments for FY 2027 that do not exceed $23.9 million; this is $10.0 million more than FY 2026. This includes $12.9 million for Eleanor Slater Hospital, consistent with the enacted budget, and $11.0 million, or $10.0 million more than enacted, for the community hospitals.

Section 4. AHEAD Model. The section authorizes the Executive Office of the Health and Human Services, in coordination with the Office of the Health Insurance Commissioner, to implement the federal Achieving Healthcare Efficiency through Accountable Design (AHEAD) Model. It requires a report to the Governor and General Assembly by October 31, 2026, and annually thereafter, while the state is participating in the grant program. The report is to include a description of activities and funding for the grant year, the legislative authority required to make any changes to the Medicaid program, stakeholder interests and program participation, and the overall long-term benefits of implementing the alternative payment modes required by the federal model.

Section 5. Family Care Community Partnerships. This section establishes five Family Care Community Partnership catchment regions for the community-based prevention services provided to children and families through the Department of Children, Youth and Families. Federal law provides that any provider of a Medicaid service may deliver it, unless a state law includes allowable restrictions. This section codifies current practice and regions, allowing the Department to continue claiming Medicaid reimbursement. Only one provider will be permitted to operate in each region.

Section 6. Medicaid Resolution. This section includes the resolution language for Assembly approval for the Executive Office to apply for certain changes to the Medicaid program. This includes the statutory rate changes already identified.

This section also includes increasing provider reimbursement rates by one-half of the increase, or 100 percent of the Medicare rates, recommended and identified as part of the Office of the Health Insurance Commissioner's Social and Human Service Programs Review Final Report, effective October 1, 2026.

It also includes authorization to amend the Principles of Reimbursement for Federally Qualified Health Centers to include a 2.5 percent increase, for proposed savings of $3.3 million, including $1.2 million from general revenues, from lowering the 5.0 percent increase assumed in the November Caseload Conference estimate. The section also eliminates the July 1 rate increase for reimbursement of substance use disorder residential treatment services, resulting in savings of $1.6 million, including $0.7 million from general revenues. It also restricts the use of GLP-1 treatment medications to only those with type-2 diabetes, saving $20.3 million, including $6.3 million from general revenues.

The section allows the Executive Office to seek any changes necessary to implement reimbursement rates resulting from the Children's Services Rate Setting project. Finally, this section allows the Executive Office to seek other changes that do not have an adverse impact on Medicaid programs or incur costs that exceed funding appropriated for FY 2027.

Article 9. State Leases

This article includes joint resolutions seeking General Assembly approval of three long-term lease agreements for the Secretary of State, the Department of Environmental Management, and the Office of the Public Defender, all of which are at least 5-year renewals of existing agreements. Legislative approval is required for lease agreements for terms of five years or longer and exceeding $500,000 in value. The Governor's budget appears to include $3.2 million from all sources to fund the FY 2027 cost of these leases.

Article 10. Health and Human Services

Sections 1 and 2. 9-8-8 Suicide and Crisis Lifeline. These sections establish the Rhode Island 988 Suicide and Crisis Prevention Lifeline and designate the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals as the state agency responsible for program oversight. The lifeline is part of the national network, and the center must operate 24 hours a day, 7 days a week. The center must meet federal guidelines to participate in the network. The director designates the lifeline's state administrator, who can either be a department employee or a contractor.

The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals will develop the rules and regulations and, prior to promulgating them, consult with the Department of Children, Youth and Families for services provided to children, youth, and their families. Data related to the utilization of services for these populations will be shared with the Department of Children, Youth and Families.

There are also requirements for data collection, evaluation, and other quality-improvement activities to be completed by the administrator. Other state agencies and departments will provide the information necessary for the Department to comply with federal and state reporting requirements. The FY 2027 budget includes $4.6 million, of which $1.0 million is from general revenues. FY 2026 support totals $4.4 million, all from federal funds.

Section 3. Pay for Success. This section extends the five-year Pay for Success pilot program another year until July 1, 2027. The 2021 Assembly authorized a five-year pilot program in which the Executive Office of Health and Human Services contracts with nonprofit investors and service providers to provide permanent supportive housing and additional wraparound services to a cohort of 125 individuals experiencing homelessness. The article also adds the term "person-centered" to the description of the housing and supportive services interventions. It is unclear why, given that the program is nearly over. The FY 2022 budget provided $6.0 million from general revenues to capitalize a restricted receipt fund authorized consistent with legislation and authorized expenditures up to $1.5 million from that restricted account if certain contracted metrics are achieved. As of the end of FY 2026, the full $6.0 million will have been spent.

Currently, for the yearly progress reports, the Executive Office collaborates with the Rhode Island Coalition to End Homelessness to evaluate the program, and this section extends that to other qualified organizations. The reporting period is also extended by a year, until January 30, 2028.

Section 4. Ladders to Licensure. This section amends the Ladders to Licensure program established by the 2024 Assembly to increase the number of licensed health professionals. The changes reduce the current requirement for three to four partnerships to at least two. The section also eliminates the private-sector reference in the definition of human services employer organizations eligible to participate in the program. The Governor's FY 2027 recommendation includes the enacted level of $750,000 for the program.

Article 11. Affordability

Section 1. Pharmacy Benefit Managers. This section creates new requirements for pharmacy benefit managers to disclose to the Office of the Health Insurance Commissioner: the percentage of rebates received from manufacturers, the value of rebates passed on to clients, administrative fees received, and information on pricing, operating practices, and utilization.

It requires the Office to publish online transparency information on each manager, although the entities may request that the Office designate certain information as trade secrets. This section also requires the Office to analyze the collected information to produce a report on the role of pharmacy benefit managers by October 1, 2027, including comparisons to regulations in other states and recommendations to improve oversight. It authorizes the Office to levy up to $175,000 on health insurance companies for contractors to produce the report.

Section 2. Motor Fuel Tax. This section reduces the total gas tax by two cents, with the reduction coming from the allocation to the Department of Transportation. Currently, two cents of the gas tax was pledged by the 2003 Assembly to provide the state match for projects financed through the Grant Anticipation Revenue Vehicle Program. The bonds have been retired, making the proceeds available for other uses as planned through the Transportation Improvement Program. The Governor's budget assumes $8.6 million less from gas tax revenues.

Sections 3 and 5. Energy Efficiency Programs. Energy efficiency programs are currently funded through surcharges on gas and electric customers. The surcharges are based on a least-cost procurement provision, which allows the Public Utilities Commission to determine the funding level for investments based on the annual plans for energy efficiency programs that have been reviewed and approved by the Energy Efficiency and Resource Management Council.

These surcharges generated $125.1 million in calendar year 2024, including $93.8 million from electric and $31.2 million from gas. The article extends the least-cost procurement provision by ten years through 2038, changes the annual planning process every three years, and caps the annual amount customers can be charged to $75.0 million for calendar years 2027 through 2029. Subsequent plans can be adjusted for inflation from the new limit.

The Rhode Island Infrastructure Bank currently receives an annual allocation of $5.0 million from the funds for clean energy efficiency, energy storage, and other uses. Section 5 reduces that amount to $2.5 million.

Section 4. Electric Distribution Companies. This section requires electric distribution companies that own or operate transmission facilities within the state to be members of ISO New England, Inc., or its successor organization. The Governor's budget assumes that this will lower ratepayer costs by eliminating a financial incentive for distribution companies, which is available only when membership is voluntary.

Sections 5, 7 and 8. Renewable Energy Fund. These sections extend the Renewable Energy Fund, administered by the Commerce Corporation, for three years to the end of 2031. The fund is supported by a surcharge of 0.3 mills per kilowatt-hour on all customers and an alternative compliance payment of $90 per megawatt-hour for renewable energy obligations. The alternative compliance payments are made by entities that sell electrical energy to end-use consumers in the state in lieu of obtaining renewable energy from the electric grid.

These sections also define zero-emission resources to include nuclear resources and large-scale hydroelectric facilities, establish a tier alternative compliance payment fee of $40 for new renewable resources and $11 for existing resources, and expand the use of the funds to include clean transportation and energy storage. Effective January 1, 2027, 50.0 percent of the revenues from alternative compliance payments must be used to provide rate relief, subject to oversight and approval of the Office of Energy Resources. The fund income in 2024 was $11.8 million, including $3.6 million from energy charges and $0.6 million from alternative compliance payments.

Section 8 delays the schedule and rate of meeting renewable energy standards of 100 percent from 2033 to 2050.

Section 6. Road Repair by Public Utility Companies. This section requires any public utility or utility facility to recover all costs associated with road repair in accordance with generally accepted accounting principles. This amortizes these capital costs over a longer time. This minimizes the impact on rate payers.

Sections 9 and 11. Financial Incentives. These sections repeal the long-term contracting incentive to electric distribution companies for newly developed renewable energy resources.

Section 10. Net Metering. Net metering allows customers with eligible renewable energy systems to receive bill credits for all power generated up to 125 percent of the on-site consumption during a billing period. Public entities, including municipalities and quasi-state entities, are allowed to enter into virtual net metering arrangements with renewable energy developers for up to 10 megawatts per project site. This section of the article establishes a monthly tiered grid access fee to be determined by the Public Utilities Commission. The funds would be used by the electric distribution company to offset costs associated with the net metering systems.

Sections 12 and 13. Health Spending Accountability and Transparency Program. These sections codify the Health Insurance Commissioner's authority to set annual healthcare cost growth targets, currently authorized under Executive Order 19-03, as well as all-payer primary care investment targets. Annual targets shall be set every five years, effective July 1, 2027; cost growth targets for 2026 and 2027 shall be established according to the existing framework. Compliance is currently voluntary. These sections empower the Commissioner to impose performance improvement plans and financial penalties if an insurance provider fails to meet the cost growth target twice in three years. The value of penalties and oversight would be subject to regulation by the Office of the Health Insurance Commissioner.

These sections also require the Commissioner to publish an annual report on healthcare spending and quality and to hold a subsequent public hearing. If an entity fails to meet either an annual cost growth or investment target, it may be compelled to participate. The Governor's recommendation contains $350,000 from general revenues, $50,000 more than enacted, for contracted data collection and analysis to support this work.

Section 14. Individual Marketplace Affordability Program. This section authorizes the Rhode Island Health Benefit Exchange to establish the Individual Market Affordability program, which is intended to provide assistance to individuals who purchase health insurance on the Exchange. The legislation authorizes the Exchange to determine the annual affordability percentages for each upcoming coverage year based on the appropriations. The first coverage year would be 2027, and the legislation requires that for that year, affordability percentages prioritize households with incomes below 200 percent of the federal poverty level. It also requires that any unspent funds be reappropriated to the following year for the same purpose.

The Governor's budget includes $9.5 million from general revenues and appears to assume this would fully cover 2027 premium costs for the six months of FY 2027 for individuals under 200 percent of the federal poverty level who are no longer receiving the federal enhanced subsidies for premium assistance. Enhanced subsidies expired at the end of 2025. While pending federal legislation addresses the issue in different ways, no changes have been adopted for the 2026 coverage year. This level of support would require $20.0 million annually.

Article 12. Effective Date

Article 12 provides that the act shall take effect on July 1, 2026, except where a provision within an article specifies a retroactive or prospective effective date.