



## STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
**BUDGET OFFICE**  
 One Capitol Hill  
 Providence, R.I. 02908-5886

**MEMORANDUM**

**To:** The Honorable Marvin L. Abney  
 Chairman, House Finance Committee

The Honorable William J. Conley, Jr.  
 Chairman, Senate Finance Committee

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

**Date:** April 11, 2018

**Subject:** Amendment to Article 7 of the FY 2019 Appropriations Act  
 (18-H-7200)

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The Governor requests that a new section be added to Article 7 entitled "Relating to Fees". This is in addition to the amendments requested on February 13, 2018.

The purpose of this new Section 7 (shaded in the attached) is to authorize the Department of Health's Vital Records unit to establish surcharges on certain vital records requests to provide funding to support the acquisition, maintenance and operations of a new Electronic Statewide Registration System (ESRS). This proposal was described under the Department of Health section of the Executive Summary document, but we failed to include the legislative changes needed in the original appropriations act. The Governor's budget plan is to fund the new system from the Information Technology Investment Fund (ITIF), at an estimated cost of \$1.7 million, and have the surcharge revenues reimburse the ITIF for this expense. Once the ITIF is fully reimbursed, surcharge revenues will be deposited to the general fund to help offset the ongoing cost of operating and maintaining this new system.

The Department of Health estimates revenues from the proposed surcharges will generate approximately \$600,000 annually.

If you have any questions regarding this amendment, please feel free to call me at 222-6300.

TAM:sma 19-Amend-14

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

**TDD#: 277-1227**

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**ARTICLE 7**

RELATING TO FEES

SECTION 1. Section 7-11-307 of the General Laws in Chapter 7-11 entitled "Rhode Island Uniform Securities Act" is hereby amended as follows:

**7-11-307 Federal covered securities.**

(a) The director may require by rule or order the filing of any or all of the following documents with respect to a covered security under § 18(b)(2) of the Securities Act of 1933, 15 U.S.C. § 77r(b)(2):

(1) Prior to the initial offer of a federal covered security in this state, all documents that are part of a current federal registration statement filed with the U.S. Securities and Exchange Commission under the Securities Act of 1933, 15 U.S.C. § 77a et seq., or, in lieu of filing the registration statement, a notice as prescribed by the director by rule or otherwise, together with a consent to service of process signed by the issuer and with a nonrefundable fee of one-tenth of one percent (0.1%) of the maximum aggregate offering price at which the federal covered securities are to be offered in this state, but not less than three hundred dollars (\$300) or more than one thousand five hundred dollars (\$1,0500).

(2) An open end management company, a face amount certificate company, or a unit investment trust, as defined in the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., ~~may~~ shall file a notice for an indefinite amount of securities. The issuer, at the time of filing, shall pay a nonrefundable fee of one thousand five hundred dollars (\$1,0500).

(3) After the initial offer of the federal covered security in this state, all documents that are part of an amendment to a current federal registration statement filed with the U.S. Securities and Exchange Commission under the Securities Act of 1933, are filed concurrently with the director.

(4) Unless otherwise extended by the director, an initial notice filing under this subsection or subsection (b) is effective for one year commencing upon the date the notice or registration statement, as applicable, is received by the director unless a later date is indicated by the issuer. A notice filing may be renewed by filing a renewal notice as prescribed by the director and paying a renewal fee of one thousand five hundred dollars (\$1,0500).



1           (b) Regarding any security that is a covered security under § 18(b)(3) of the Securities Act of 1933,  
2 unless the security is exempted by Section 7-11-401 or is sold in an exempt transaction under Section 7-  
3 11-402, the issuer shall file a notice prior to the initial offer of such security in this state. Such notice filing  
4 shall include a uniform application adopted by the director, a consent to service of process, and the payment  
5 of a nonrefundable fee as prescribed in a(1) above.

6           (b~~c~~) Regarding any security that is a covered security under § 18(b)(4)(D) of the Securities Act of  
7 1933, 15 U.S.C. § 77r(b)(4)(D), the director may by rule or otherwise require the issuer to file a notice on  
8 SEC Form D and a consent to service of process signed by the issuer no later than fifteen (15) days after  
9 the first sale of the federal covered security in this state, together with Form U-2, Form D and a  
10 nonrefundable fee of three hundred dollars (\$300).

11           (e~~d~~) The director may by rule or otherwise require the filing of any document filed with the U.S.  
12 Securities and Exchange Commission under the Securities Act of 1933, 15 U.S.C. § 77a et seq., with respect  
13 to a covered security under § 18(b)(3) or (4) of the Securities Act of 1933, 15 U.S.C. § 77r(b)(3) or (4),  
14 together with a notice and fees as defined in subparagraph (a)(1).

15           (e~~e~~) The director may issue a stop order suspending the offer and sale of a federal covered security,  
16 except a covered security under § 18(b)(1) of the Securities Act of 1933, 15 U.S.C. § 77r(b)(1), if the  
17 director finds that (1) the order is in the public interest and (2) there is a failure to comply with any condition  
18 established under this section.

19           ~~(e) Notwithstanding the provisions of this section, until October 11, 1999, the director may require~~  
20 ~~the registration of any federal covered security for which the fees required by this section have not been~~  
21 ~~paid promptly following written notification from the director to the issuer of the nonpayment or~~  
22 ~~underpayment of the fees. An issuer is considered to have promptly paid the fees if they are remitted to the~~  
23 ~~director within fifteen (15) days following the person's receipt of written notification from the director.~~

24           (f) The director may by rule or order waive any or all of the provisions of this section.

25           SECTION 2. Section 23-17-38.1 of the General Laws in Chapter 23-17 entitled "Licensing of  
26 Health-Care Facilities" is hereby amended to read as follows:

**23-17-38.1. Hospitals – Licensing fee.**

~~(a) There is also imposed a hospital licensing fee at the rate of five and six hundred fifty-two thousandths percent (5.652%) upon the net patient-services revenue of every hospital for the hospital's first fiscal year ending on or after January 1, 2015, except that the license fee for all hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent (37%). The discount for Washington County hospitals is subject to approval by the Secretary of the U.S. Department of Health and Human Services of a state plan amendment submitted by the executive office of health and human services for the purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This licensing fee shall be administered and collected by the tax administrator, division of taxation within the department of revenue, and all the administration, collection, and other provisions of chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator on or before July 10, 2017, and payments shall be made by electronic transfer of monies to the general treasurer and deposited to the general fund. Every hospital shall, on or before June 14, 2017, make a return to the tax administrator containing the correct computation of net patient-services revenue for the hospital fiscal year ending September 30, 2015, and the licensing fee due upon that amount. All returns shall be signed by the hospital's authorized representative, subject to the pains and penalties of perjury.~~

~~(b)(a) There is also imposed a hospital licensing fee at the rate of five and eight hundred fifty-six thousandths percent (5.856%) upon the net patient-services revenue of every hospital for the hospital's first fiscal year ending on or after January 1, 2016, except that the license fee for all hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent (37%). The discount for Washington County hospitals is subject to approval by the Secretary of the U.S. Department of Health and Human Services of a state plan amendment submitted by the executive office of health and human services for the purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This licensing fee shall be administered and collected by the tax administrator, division of taxation within the department of revenue, and all the administration, collection, and other provisions of chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator on or before July 10, 2018, and payments shall be made by electronic transfer of monies to the general treasurer and deposited to the~~



1 general fund. Every hospital shall, on or before June 14, 2018, make a return to the tax administrator  
2 containing the correct computation of net patient-services revenue for the hospital fiscal year ending  
3 September 30, 2016, and the licensing fee due upon that amount. All returns shall be signed by the hospital's  
4 authorized representative, subject to the pains and penalties of perjury.

5 (b) There is also imposed a hospital licensing fee at the rate of five and eight hundred fifty-six  
6 thousandths percent (5.856%) of upon the net patient-services revenue of every hospital for the hospital's  
7 first fiscal year ending on or after January 1, 2017~~6~~, except that the license fee for all hospitals located in  
8 Washington County, Rhode Island shall be discounted by thirty-seven percent (37%). The discount for  
9 Washington County hospitals is subject to approval by the Secretary of the U.S. Department of Health and  
10 Human Services of a state plan amendment submitted by the executive office of health and human services  
11 for the purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This  
12 licensing fee shall be administered and collected by the tax administrator, division of taxation within the  
13 department of revenue, and all the administration, collection, and other provisions of chapter 51 of title 44  
14 shall apply. Every hospital shall pay the licensing fee to the tax administrator on or before July 10, 2019,  
15 and payments shall be made by electronic transfer of monies to the general treasurer and deposited to the  
16 general fund. Every hospital shall, on or before June 14, 2019, make a return to the tax administrator  
17 containing the correct computation of net patient-services revenue for the hospital fiscal year ending  
18 September 30, 2017~~6~~, and the licensing fee due upon that amount. All returns shall be signed by the  
19 hospital's authorized representative, subject to the pains and penalties of perjury.

20 (c) For purposes of this section the following words and phrases have the following meanings:

21 (1) "Hospital" means the actual facilities and buildings in existence in Rhode Island, licensed  
22 pursuant to § 23-17-1 et seq. on June 30, 2010, and thereafter any premises included on that license,  
23 regardless of changes in licensure status pursuant to chapter 17.14 of title 23 (hospital conversions) and  
24 §23-17-6(b) (change in effective control), that provides short-term acute inpatient and/or outpatient care to  
25 persons who require definitive diagnosis and treatment for injury, illness, disabilities, or pregnancy.

1 Notwithstanding the preceding language, the negotiated Medicaid managed care payment rates for a court-  
2 approved purchaser that acquires a hospital through receivership, special mastership, or other similar state  
3 insolvency proceedings (which court-approved purchaser is issued a hospital license after January 1, 2013)  
4 shall be based upon the newly negotiated rates between the court-approved purchaser and the health plan,  
5 and such rates shall be effective as of the date that the court-approved purchaser and the health plan execute  
6 the initial agreement containing the newly negotiated rate. The rate-setting methodology for inpatient  
7 hospital payments and outpatient hospital payments set forth in §§ 40-8-13.4(b)(1)(B)(iii) and 40-8-  
8 13.4(b)(2), respectively, shall thereafter apply to negotiated increases for each annual twelve-month (12)  
9 period as of July 1 following the completion of the first full year of the court-approved purchaser's initial  
10 Medicaid managed care contract.

11 (2) "Gross patient-services revenue" means the gross revenue related to patient care services.

12 (3) "Net patient-services revenue" means the charges related to patient care services less (i) charges  
13 attributable to charity care; (ii) bad debt expenses; and (iii) contractual allowances.

14 (d) The tax administrator shall make and promulgate any rules, regulations, and procedures not  
15 inconsistent with state law and fiscal procedures that he or she deems necessary for the proper  
16 administration of this section and to carry out the provisions, policy, and purposes of this section.

17 (e) The licensing fee imposed by this section shall apply to hospitals as defined herein that are duly  
18 licensed on July 1, ~~2017~~ 2018, and shall be in addition to the inspection fee imposed by § 23-17-38 and to  
19 any licensing fees previously imposed in accordance with § 23-17-38.1.

20 SECTION 3. Section 27-10-3 of the General Laws in Chapter 27-10 entitled "Claim Adjusters" is  
21 hereby amended to read as follows:

22 **27-10-3. Issuance of license.**

23 (a) The insurance commissioner may issue to any person a license to act as either a public  
24 adjuster; company adjuster; or independent adjuster once that person files an application in a format  
25 prescribed by the department and declares under penalty of suspension, revocation, or refusal of the

1 license that the statements made in the application are true, correct, and complete to the best of the  
2 individual's knowledge and belief. Before approving the application, the department shall find that the  
3 individual:

4 (1) Is at least eighteen (18) years of age;

5 (2) Is eligible to designate this state as his or her home state;

6 (3) Is trustworthy, reliable, and of good reputation, evidence of which shall be determined by the  
7 department;

8 (4) Has not committed any act that is a ground for probation, suspension, revocation, or refusal of  
9 a professional license as set forth in § 27-10-12;

10 (5) Has successfully passed the examination for the line(s) of authority for which the person has  
11 applied;

12 (6) Has paid a fee of ~~one~~ two hundred and fifty dollars (~~\$150~~250).

13 (b) A Rhode Island resident business entity acting as an insurance adjuster may elect to obtain an  
14 insurance adjusters license. Application shall be made using the uniform business entity application. Prior  
15 to approving the application, the insurance commissioner shall find both of the following:

16 (1) The business entity has paid the appropriate fees.

17 (2) The business entity has designated a licensed adjuster responsible for the business entity's  
18 compliance with the insurance laws and rules of this state.

19 (c) The department may require any documents reasonably necessary to verify the information  
20 contained in the application.

21 SECTION 4. Section 42-28-26 of the General Laws in Chapter 42-28 entitled "State Police" is  
22 hereby repealed.

23 **~~42-28-26. Location of school.~~**

24 ~~The municipal police training school shall be maintained by the state and located on the premises~~  
25 ~~of the University of Rhode Island and such other state-owned property as the superintendent of the state~~  
26 ~~police, with the consent of the governor, may from time to time determine.~~



1 SECTION 5. Chapter 42-28 of the General Laws entitled "State Police" is hereby amended by  
2 adding thereto the following section:

3 **42-28-25.2. Establishment of Municipal Police Training Tuition and Fees Account.**

4 (a) There is hereby created within the department of public safety a restricted receipt account to  
5 be known as the municipal police training tuition and fees account.

6 (b) Tuition and fees collected pursuant to § 42-28-31, and physical fitness fees collected pursuant  
7 to § 42-28-25, shall be deposited in this account and be used to fund costs associated with the municipal  
8 police training school.

9 (c) All amounts deposited into the municipal police training tuition and fees account shall be  
10 exempt from the indirect cost recovery provisions of § 35-4-27.

11 SECTION 6. Sections 42-28-25 and 42-28-31 of the General Laws in Chapter 42-28 entitled  
12 "State Police" are hereby amended to read as follows:

13 **42-28-25. State and municipal police training school established.**

14 (a) Within the Rhode Island state police there is hereby created and established a state and  
15 municipal police training school.

16 (b) The superintendent of the state police shall have supervision of the state and municipal police  
17 training academy and shall establish standards for admission and a course of training. The superintendent  
18 shall report to the governor and general assembly a plan for a state and municipal police training academy  
19 on or before December 31, 1993. The superintendent shall, in consultation with the Police Chiefs'  
20 Association and the chairperson of the Rhode Island commission on standards and training make all  
21 necessary rules and regulations relative to the admission, education, physical standards and personal  
22 character of the trainees and such other rules and regulations as shall not be inconsistent with law.

23 (c) Applicants to the state and municipal police training academy shall pay an application fee in  
24 the amount of fifty dollars (\$50.00); provided, however, the superintendent may waive such application  
25 fee if payment thereof would be a hardship to the applicant.



1 (d) Trainees shall pay to the division an amount equal to the actual cost of meals consumed at the  
2 state police and municipal police training academy and the actual cost of such training uniforms which  
3 remain the personal property of the trainees.

4 (e) The municipal police training school is hereby authorized to hold statewide physical training  
5 tests for applicants applying for sworn officer positions in municipal law enforcement agencies. The  
6 school shall charge a fee in accordance with its rules and regulations. All fees collected shall be  
7 deposited into the municipal police training tuition and fees account, pursuant to § 42-28-25.2

8 (e)(f) All fees and payments received by the division pursuant to this subsections (c) and (d) shall  
9 be deposited as general revenues.

10 **45-28-31. Expenses of school – Compensation of candidates.**

11 (a) The municipal police training school is hereby authorized to charge students tuition in  
12 accordance with its rules and regulations. All tuition payments shall be deposited into the restricted  
13 receipt account established in § 42-28-25.2. No tuition fee or any other charge shall be assessed against  
14 any city or town for the training of any candidate and the expense of that training shall be borne by the  
15 state of Rhode Island. If tuition and fees collected are not sufficient for proper maintenance and operation  
16 of the municipal police training school, the general assembly shall annually appropriate such sum or sums  
17 as may be necessary for the proper maintenance of the municipal police training school.

18 (b); ~~provided, however, that~~ Any compensation to any candidate during the period of his or her  
19 training shall be fixed and determined by the proper authority within the city or town sponsoring the  
20 candidate and such compensation, if any, shall be paid directly to the candidate by the city or town of  
21 which he or she is a resident.

22 SECTION 7. Section 23-2-25 of the General Laws in Chapter 23-3 entitled "Vital Records" is  
23 hereby amended as follows:

24 **23-3-25. Fees for copies and searches.**

25 (a) The state registrar shall charge fees for searches and copies as follows:

1 (1) For a search of two (2) consecutive calendar years under one name and for issuance of a certified  
2 copy of a certificate of birth, fetal death, death, or marriage, or a certification of birth, or a certification that  
3 the record cannot be found, and each duplicate copy of a certificate or certification issued at the same time,  
4 the fee is as set forth in § 23-1-54.

5 (2) For each additional calendar year search, if applied for at the same time or within three (3)  
6 months of the original request and if proof of payment for the basic search is submitted, the fee is as set  
7 forth in § 23-1-54.

8 (3) For providing expedited service, the additional handling fee is as set forth in § 23-1-54.

9 (4) For processing of adoptions, legitimations, or paternity determinations as specified in §§ 23-3-  
10 14 and 23-3-15, there shall be a fee as set forth in § 23-1-54.

11 (5) For making authorized corrections, alterations, and additions, the fee is as set forth in § 23-1-  
12 54; provided, no fee shall be collected for making authorized corrections or alterations and additions on  
13 records filed before one year of the date on which the event recorded has occurred.

14 (6) For examination of documentary proof and the filing of a delayed record, there is a fee as set  
15 forth in § 23-1-54; and there is an additional fee as set forth in § 23-1-54 for the issuance of a certified copy  
16 of a delayed record.

17 (b) Fees collected under this section by the state registrar shall be deposited in the general fund of  
18 this state, according to the procedures established by the state treasurer.

19 (c) The local registrar shall charge fees for searches and copies of records as follows:

20 (1) For a search of two (2) consecutive calendar years under one name and for issuance of a certified  
21 copy of a certificate of birth, fetal death, death, delayed birth, or marriage, or a certification of birth or a  
22 certification that the record cannot be found, the fee is twenty dollars (\$20.00). For each duplicate copy of  
23 a certificate or certification issued at the same time, the fee is fifteen dollars (\$15.00).

24 (2) For each additional calendar year search, if applied for at the same time or within three (3)  
25 months of the original request and if proof of payment for the basic search is submitted, the fee is two  
26 dollars (\$2.00).



1 (d) Fees collected under this section by the local registrar shall be deposited in the city or town  
2 treasury according to the procedures established by the city or town treasurer except that six dollars (\$6.00)  
3 of the certified copy fees shall be submitted to the state registrar for deposit in the general fund of this state.

4 (e) To acquire, maintain and operate an Electronic Statewide Registration System (ESRS), the state  
5 registrar shall assess a surcharge of no more than five dollars (\$5.00) for a mail-in certified records request,  
6 no more than three dollars (\$3.00) for each duplicate certified record and no more than two dollars (\$2.00)  
7 for a walk-in certified records request or a certified copy of a vital record requested of a local registrar.  
8 Notwithstanding the provisions of 23-3-25 (d) of the General Laws of Rhode Island, any such surcharges  
9 collected by the local registrar shall be submitted to the state registrar. Any funds collected from the  
10 surcharges listed above shall be deposited to the Information Technology Investment Fund (ITIF) until the  
11 funding allocated from the ITIF for the ESRS has been fully reimbursed. Any funds collected after the ITIF  
12 has been reimbursed shall be deposited in the general fund.

13 SECTION 8. This article shall take effect July 1, 2018 ~~except for: Section 1, which will take~~  
14 ~~effect on August 1, 2018 and Section 3, which will take effect on January 1, 2019.~~