



SENATE FISCAL OFFICE

ISSUE BRIEF

FY2023 Budget as Passed by the House

JUNE 17, 2022

The following report provides a summary of the floor amendments to 2022-H-7123 Substitute A, as passed by the House of Representatives. The table below summarizes the FY2022 and FY2023 appropriations as included in the amended legislation.

Expenditures by Source	FY2022 Enacted	FY2022 Governor	FY2022 Supp.	Change to Governor	FY2023 Governor	FY2023 Budget	Change to Governor
General Revenue	\$4,550.8	\$4,998.9	\$5,492.8	\$493.9	\$4,731.3	\$5,042.2	\$310.8
Federal Funds	5,862.7	6,051.1	5,704.3	(346.8)	5,311.0	5,708.4	397.3
Restricted Receipts	372.7	448.0	383.2	(64.7)	432.2	453.5	21.3
Other Funds	2,334.6	2,264.6	2,296.0	31.4	2,350.4	2,398.4	48.0
Total	\$13,120.8	\$13,762.6	\$13,876.3	\$113.7	\$12,825.0	\$13,602.5	\$777.4
FTE Authorization	15,313.2	15,320.5	15,317.9	(2.6)	15,416.5	15,455.5	39.0

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

GENERAL REVENUE BUDGET SURPLUS STATEMENT

	FY2020	FY2021	FY2022	FY2023
Opening Surplus				
Free Surplus	30,502,912	156,188,376	374,425,433	10,345,571
Adjustment to Opening Surplus		(13,159,126)		
Adjustment to Fund Balance		105,804,512	212,685,030	278,859,677
Reappropriated Surplus	10,296,451	5,336,652	8,446,365	-
Subtotal	40,799,363	254,170,414	595,556,828	289,205,248
Revenues				
Enacted/Actual/Estimated	4,183,713,406	4,431,578,564	4,684,300,000	4,583,200,000
Governor			5,963,000	167,163,927
Assembly			380,650,121	150,843,549
Total Revenues	4,183,713,406	4,431,578,564	5,070,913,121	4,901,207,476
To Cash Stabilization Fund	(126,426,490)	(137,238,234)	(163,360,157)	(147,346,591)
Expenditures				
Actual/Enacted/Current Svcs.	3,936,561,251	4,153,269,709	4,550,811,637	
Reappropriations			8,446,365	
Governor		(271,636,821)	439,626,554	4,731,312,148
Assembly		\$ 101,016,324	\$ 493,879,663	\$ 310,847,780
Total Expenditures	3,936,561,251	4,078,638,946	5,492,764,221	5,042,159,928
Total Surplus	161,525,028	469,871,798	10,345,571	906,205
Transfer to IT/HTC		(87,000,000)		
Reappropriations	(5,336,652)	(8,446,365)		
Free Surplus	\$ 156,188,376	\$ 374,425,433	\$ 10,345,571	\$ 906,205
Operating Surplus/(Deficit)	131,022,116	221,038,036	(576,764,892)	(288,299,043)
Rainy Day Fund	90,710,816	227,949,050	272,266,928	245,577,652

FY2023 Budget as Passed by the House

REVENUE CHANGES***Circuit Breaker Property Tax Relief Enhancement***

The Budget as passed by the House Finance Committee assumed the fiscal impact of Circuit Breaker Property Tax Relief budget initiative as a \$3.8 million revenue loss. Updated estimates from the Office of Revenue Analysis and adjustments to effective dates in Article 6 show that the loss in FY2023 would be \$3.7 million. The Budget as Amended by the House assumes the revised FY2023 number.

Military Pensions

The Budget as passed by the House Finance Committee assumed the fiscal impact of exempting military pension income from the State's personal income tax to be a revenue loss of \$2.5 million. Updated estimates from the Office of Revenue Analysis shows that the loss in FY2023 would be \$254,154 less, or \$2,261,163. The Budget as Amended passed by the House assumes the updated estimate.

Medicaid Proposals

The Budget as Amended by the House adds \$590,750 in revenue as compared to the House Finance Committee version based on the amendments made to Article 12 and updated estimates for tax impacts of Medicaid proposals.

Exemption of the Trade-in Value of Motorcycles from Sales Tax

The Budget restores a proposal to exempt the trade-in value of motorcycles included in the Governor's Budget that was eliminated by the House Finance Committee, and assumes the \$149,514 estimated revenue loss associated with this initiative.

Exemption of Breast Pumps from Sales Tax

The Budget as passed by the House Finance Committee assumed the fiscal impact of exempting breast pumps and related products to a revenue loss of \$29,800. Updated estimates from the Office of Revenue Analysis shows that the loss in FY2023 would be \$58,328, based on an October 1, 2022, start date. A full year loss will be \$77,770. The Budget as Amended by the House assumes the revised FY2023 number.

Circuit Breaker Property Tax Relief Enhancement

The Budget passed by the House Finance Committee did not include a revenue impact in FY2022 for the Circuit Breaker Property Tax Relief initiative; the first year impact was assumed in FY2023. The Budget as Amended by the House assumes a revenue loss of \$1.8 million in FY2022 based on date clarifications in Article 6.

ARTICLE 1: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY2022 ([LC004151/16](#))

The amendment includes changes to FY2023 appropriations as follows:

American Rescue Plan Act (ARPA) State Fiscal Recovery Fund (SFRF)

The Budget makes various changes to the proviso language directing the spending of federal State Fiscal Recovery Funds. The amendment adjusts this including:

Department of Administration

The amendment clarifies that the ARPA support for healthcare facilities is to address the ongoing staffing needs of hospitals, nursing facilities, and community health centers relating to the COVID-19 public health emergency.

FY2023 Budget as Passed by the House

Rhode Island Housing

The amendment clarifies that the Home Repair and Community Revitalization funds will also support critical home repairs within the eligible communities.

Department of Revenue

The amendment adds \$446,724 to the Department of Revenue’s State Aid program to fund the advance payment to East Providence in FY2023 under the Motor Vehicle Excise Tax phase-out program that is authorized in Article 6. The full phase-out for the City occurs in FY2024.

Department of Business Regulation

The amendment makes changes to RICAP monies allocated to the RI Fire Academy to align with the estimated costs for necessary updates for the remainder of FY2022, and following years.

Executive Office of Health and Human Services

The Budget adds \$229,526 in general revenue and \$2.1 million in matching federal funds to correct the estimated cost for the increase in Labor and Delivery Rates, and \$12,000 in general revenue matched by federal funds to support the extension of coverage to biomarker testing provided in Article 12.

Department of Human Services

The amendment appropriates \$70,000 to the Rhode Island Works Program to align with costs associated with the extension of the RI Works program lifetime form 48 months and 60 months. It also makes technical corrections to the Office of Health Aging’s Home Health Agency Rates.

Elementary and Secondary Education

The Budget adds \$701,190 to Article 10, providing 20.0 percent of any negative difference between the FY2023 educator aid distribution proposed by the House Finance Committee and current law.

House Floor Amendment LC004160/4)	
Districts	20.0 Percent of negative HFC change to Governor Model
Barrington	\$302,169
East Greenwich	148,478
Exeter	106,335
North Smithfield	30,508
Richmond	502
Smithfield	75,374
Beacon Charter School	22,731
Blackstone Academy	11,212
Village Green Charter School	1,073
Davies Career and Technical School	2,808
Total	\$701,190

Public Higher Education

The Budget provides \$100,000 for the Institute for Labor Studies and Research (ILSR) through the University of Rhode Island. The Institute for Labor Studies & Research (ILSR) is a private, non-profit educational institution that provides education and training to enable working Rhode Islanders and the labor movement to have a stronger voice in the workplace, to participate more effectively in Rhode Island’s changing job market and to create a more just and equitable society.

Department of Environmental Management

The Budget adds \$100,000 for the Wildlife Clinic of Rhode Island to hire a veterinarian. The Wildlife Clinic is a fully-functional clinic dedicated to the veterinary care and treatment of all species of wild animals native to Rhode Island from songbirds to squirrels to salamanders. Previously, veterinarian services were provided on a volunteer basis; however, those services are no longer available.

Transportation

The amendment adds to the proviso language outlining requirements for the Rhode Island Public Transit Authority (RIPTA) to undertake a study of current operations and paratransit bus services for seniors and

FY2023 Budget as Passed by the House

individuals with disabilities. The amendment includes requirements around whose input should be included in the study.

ARTICLE 3: RELATING TO GOVERNMENT REFORM ([LC004153/3](#))

The amendment makes minor technical and drafting corrections.

ARTICLE 6: RELATING TO TAXES AND REVENUES ([LC004157/4](#))***Exemption of Breast Pumps from Sales Tax***

The amendment clarifies what specific breast pump-related products and supplies are exempted from the sales tax by replacing more vague language with a specific and comprehensive listing. The amendment was made at the suggestion of the Division of Taxation as a way of making implementation by businesses and enforcement by the Division easier.

Exemption of the Trade-in Value of Motorcycles from Sales Tax

The amendment restores a proposal to exempt the trade-in value of motorcycles from the sales tax. This was included in the Governor's Budget but was eliminated by the House Finance Committee.

Motor Vehicle Excise Tax Payment State Aid Program

The amendment advances the Motor Vehicle Excise Tax Payment for East Providence in FY2023. The full phase-out for the City is a year later.

Other Technical Corrections

The amendment also includes several technical and corrections, including clarifying the applicable tax years that the various initiatives will affect and when hospital license fee payments are to be made.

ARTICLE 7: RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY2022 ([LC004157/4](#))

The amendment includes changes to FY2022 appropriations as follows:

Department of Business Regulation

The amendment provides language to allow for the reappropriation of any unexpended funds provided for purchasing firefighting foam from FY2022 to FY2023.

Department of Environmental Management

The amendment provides language to allow for the reappropriation of any unexpended funds provided for disposal of firefighting foam from FY2022 to FY2023.

Department of Revenue

The amendment adds proviso language the Motor Vehicle Excise Tax Payments program that directs the use of \$3.3 million of the \$129.7 million to be utilized by the Town of Cumberland in the Town's fiscal year 2022 to backfill revenue that would have been recognized in the Town's fiscal year 2022 had the motor vehicle excise tax not been repealed effective July 1, 2022.

ARTICLE 10: RELATING TO EDUCATION ([LC004160/4](#))

The amendment provides 20.0 percent of the difference between the FY2023 funding formula distribution, as approved by the House Finance Committee, and current law.

FY2023 Budget as Passed by the House

ARTICLE 12: RELATING TO MEDICAL ASSISTANCE ([LC004162/7](#))

In addition to minor technical and drafting corrections, the Budget includes a number of other changes to Medical Assistance, such as:

Uncompensated Care

The amendment shifts the date of the uncompensated care payments from June 30, 2023, to June 15, 2023, and approval date by the Secretary of the United States Department of Health and Human Services from July 5, 2023, to June 23, 2023.

Certified Community Behavioral Health Clinics

The amendment directs BHDDH and hospitals to provide additional criteria to certify the clinics.

Health Insurance Oversight – Rate Review Study

The amendment enables the Office of the Health Insurance Commissioner to hire necessary staff, and moves deadlines from October 2022 to January 2023, and from January 2023 to April 2023.

Increase Adult Dental Rates

The amendment removes “and managed care” since this program only impacts fee-for-service activities.

Palliative Care

The amendment enables EOHHS to seek an amendment from the Centers for Medicare and Medicaid Services to extend palliative care to those 19 to under 26 who have aged out of the option to receive services through the Katie Beckett coverage category.

Biomarker Testing

The amendment enables EOHHS to seek an amendment from the Centers for Medicare and Medicaid Services to provide Medicaid coverage for biomarker testing.

ARTICLE 13: RELATING TO HUMAN SERVICES ([LC004163/4](#))

The amendment expands the types of credits that are exempted from income eligibility calculations for Rhode Island Works (RI Works) to include any federal or state child tax credits or rebates. This amendment is added to ensure that the rebates issued under the new Child Tax Rebate initiative included in Article 6 do not negatively impact eligibility for RI Works participants. This amendment also expands the lifetime of RI Works from 48 months to 60 months.