

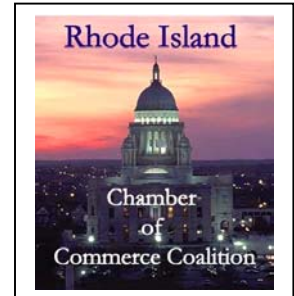
UNDER THE DOME

News from the Rhode Island State House

“Your source for Government Affairs information”

A publication of the Central Rhode Island, Cranston, East Bay, East Greenwich, East Providence Area, Newport County, North Central, Northern Rhode Island, North Kingstown, South Kingstown & Greater Westerly-Pawcatuck Chambers of Commerce

Serving a combined 12,000 member businesses



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-SPECIAL EDITION-

Fiscal Year 2010 State of RI budget proposed

Here are some details you should know---made available today through release of the Governor's proposed FY 2010 budget:

Fiscal Year (FY) 2010 Budget ---total state spending:

\$3.079 billion

***Revised FY 2009 Supplemental Budget ---total state spending

\$3.064 billion

***The revised number for FY 2009 was submitted as part of the proposed FY 2010 budget and represents a **\$204 million reduction** in total state spending from the enacted FY 2008 State Budget.

American Recovery and Reinvestment Act (Federal Stimulus Plan) dollars to be delivered to R.I. for FY 2009 (ending June 30, 2009)

\$252 million

American Recovery and Reinvestment Act (Federal Stimulus Plan) dollars to be delivered to R.I. for FY 2010 (ending June 30, 2010)

\$529 million

(over)

Rhode Island is in line for more than **\$137 million** in enhanced Medicaid match funds as part of the ARRA. In the proposed FY 2010 budget, these funds are directed for cost savings associated with pension reform, delayed implementation of the Medicaid Waiver; restoration of reductions in the Mental Health Retardation & Hospitals developmentally disabled programs, partial restoration of the Department of Human Services nursing homes and hospitals reimbursements, and a limited and restricted restoration of local aid.

Rhode Island State/Municipal Employee Pension Reform

As part of the proposed FY 2010 budget, Article 32 of the FY 09 Supplemental Budget is revised. This revision will grandfather employees who are eligible to retire as of July 1, 2009. As submitted in the proposed FY 2010 budget, the cost savings total **\$42.1 million** in FY 2009 and **\$76.4 million** in FY 2010.

Local Aid, etc

The FY 2010 budget proposes the restoration of **\$31 million** in local aid, offset by a reduction of the same figure -- **\$31 million** -- in aid to education. (The budget recognizes the availability of **\$38.3 million** in federal stimulus aid, which will be directed to make up the lost state aid.) Amendments to the FY 2009 supplemental budget will also require municipalities to dedicate **\$12.6 million** of the restored **\$31 million** in general revenue sharing, back to school districts. (This figure will be based entirely on a municipality's past support of its schools.)

Tax Policy changes

The FY 2010 budget proposes reducing the corporate income tax rate from **9.0%** to **7.5%** as of January 1, 2010. The corporate income tax rate will then be phased out in successive years, with the complete elimination of the tax by January 1, 2014. The proposed decrease in the rate is as follows:

6% as of January 1, 2011
4% as of January 1, 2012
2% as of January 1, 2013
0% as of January 1, 2014

The FY 2010 budget proposal contains no combined reporting requirement.

The FY 2010 budget proposes to increase the exemption amount for the Rhode Island Estate Tax from **\$675,000** to **\$1,000,000**, effective January 1, 2010.

The FY 2010 budget proposes personal income tax [rate] changes, creating four new tax [rates] brackets for individual taxpayers. The proposed [rates] brackets would take affect on January 1, 2011, and would range from **3.5%** to **5.5%**.

Also proposed in the FY 2010 budget is an increase of approximately 363 full time [state employee] positions above the FY 2009 supplemental budget plan. These employment figures are proposed to properly administer the state's share of the federal stimulus package, (136 employees) and implement the Global Medicaid Waiver. (57 employees.) The figure also reflects 170 additional positions, proposed to restore adequate levels in social services and public safety.

-end-

Remember: The Rhode Island Chamber of Commerce Coalition is [your](#) voice at the Rhode Island State House. If you have any concerns, questions or comments, please do not hesitate to contact us. Thank you for your continued interest.