



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
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Memorandum

To: The Honorable Raymond E. Gallison, Jr.
Chairman, House Finance Committee

The Honorable Daniel DaPonte
Chairman, Senate Finance Committee

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

Date: May 30, 2014

Subject: Amendments to the FY 2015 Appropriations Act (13-H-7133)

The Governor requests that the attached new Article – Relating to Tobacco Settlement Financing Corporation be included in the FY 2015 Appropriations Act.

This article will authorize the Tobacco Settlement Financing Corporation to issue new bonds, the proceeds of which will be used to retire outstanding debt of the corporation. This transaction is anticipated to result in a payment to the State of Rhode Island of at least twenty million dollars (\$20.0 million), which the Governor recommends be deposited into the Information Technology Investment Fund to support the technology projects proposed in Section 2 of Article 4 to be funded through the issuance of new debt. As a result, the Governor recommends that Section 2 of Article 4 be withdrawn.

If you have any questions regarding this new article, please feel free to call me or my staff at 222-6300.

TAM:14-Amend-TSFC
Attachments

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor

NEW ARTICLE

RELATING TO THE TOBACCO SETTLEMENT FINANCING CORPORATION

SECTION 1. The Tobacco Settlement Financing Corporation (the "Corporation"), which was established pursuant to Rhode Island general laws chapter 42-133 (as amended and supplemented, the "Tobacco Settlement Financing Corporation Act"), is authorized to raise additional money pursuant to the Tobacco Settlement Financing Corporation Act through the issuance of its bonds and to apply net bond proceeds (i) for payment to the state of Rhode Island in an amount at least equal to twenty million dollars (\$20,000,000) to be deposited to the information technology investment fund established pursuant to 42-11-2.5 of the Rhode Island general laws, (ii) for payment of the redemption price and/or the tender price of outstanding bonds of the Corporation that are to be retired, and (iii) to establish reserves to secure the bonds, and pay the costs of issuance of the bonds and all other expenditures of the Corporation incident to and necessary to carry out the Corporation's purposes and powers.

SECTION 2. To implement and effectuate the purposes of this act, the Governor, acting by and through state general officers, state departments, agencies and the Corporation, is hereby authorized and empowered to:

(a) effectuate a transaction pursuant to the provisions of the Tobacco Settlement Financing Corporation Act, which authorizes and governs the issuance of Bonds, as such term is defined in the Tobacco Settlement Financing Corporation Act, for the purposes described in this act;

(b) cooperate with the Corporation in the amendment of existing bond documentation, which actions by the Corporation are hereby authorized in order to carry out the purposes described in this act, including facilitation of payment to the state of amounts in one or more installments, as a current payment of the state's residual interest in and to the "state's tobacco

receipts”, as such term is defined in the Tobacco Settlement Financing Corporation Act, including disputed amounts withheld from payment to the state and subsequently released to the state;

(c) distribute the proceeds of amounts payable to the state pursuant to this act, provided that the allocation of funds shall be made by the general assembly pursuant to the annual appropriation process; and

(d) take such additional actions, or enter into such additional agreements, as may be necessary or desirable to effectuate the purposes of this act.

SECTION 3. The Tobacco Settlement Financing Trust, a fund established pursuant to section 42-133-9, shall receive all amounts payable to the state pursuant to this act.

SECTION 4. This article shall take effect upon passage.