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LC005724

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO PUBLIC FINANCE -- RHODE ISLAND BABY BOND TRUST

Introduced By: Senators Murray, Lawson, Acosta, Zurier, DiPalma, DiMario, Valverde,
Cano, Lauria, and Euer

Date Introduced: March 28, 2024

Referred To: Senate Finance

(General Treasurer)

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 35 of the General Laws entitled "PUBLIC FINANCE" is hereby
2 amended by adding thereto the following chapter:

3 CHAPTER 23

4 RHODE ISLAND BABY BOND TRUST

5 **35-23-1. Definitions.**

6 As used in this chapter:

- 7 (1) "Designated beneficiary" means an individual born on or after January 1, 2025. Whose
8 birth was subject to medical coverage provided under Rite Care. as defined in § 40-8.4-1, or was
9 otherwise uninsured at the time of birth.
- 10 (2) "Eligible expenditure" means an expenditure associated with any of the following:
11 (i) Continuing education of a designated beneficiary at an institution of higher learning,
12 trade school, vocational school, or professional apprenticeship program in Rhode Island;
13 (ii) Ownership of a home in Rhode Island by a designated beneficiary;
14 (iii) Purchase of a new or used motor vehicle from an authorized Rhode Island dealer; or
15 (iv) Ownership of a business with a principal place of business in Rhode Island by a
16 designated beneficiary.
- 17 (3) "Trust" means the Rhode Island baby bond trust, which consists of:
18 (i) All money from public or private sources appropriated or made available to the state for
19 the benefit of the trust; and

1 (ii) All earnings on the money in the trust.

2 **35-23-2. Establishment.**

3 (a) There is hereby established the Rhode Island baby bond trust. The trust shall constitute
4 an instrumentality of the state and shall perform essential governmental functions as provided under
5 the provisions of this chapter. The trust shall receive and hold all payments and deposits or
6 contributions intended for the trust, as well as gifts, bequests, endowments or federal, state or local
7 grants and any other funds from any public or private source and all earnings until disbursed in
8 accordance with § 35-23-7.

9 (b) The amounts on deposit in the trust shall not constitute property of the state and the
10 trust shall not be construed to be a department, institution or agency of the state. Amounts on
11 deposit in the trust shall not be commingled with state funds and the state shall have no claim to or
12 against, or interest in, such funds. Any contract entered into by, or any obligation of, the trust shall
13 not constitute a debt or obligation of the state and the state shall have no obligation to any
14 designated beneficiary or any other person on account of the trust and all amounts obligated to be
15 paid from the trust shall be limited to amounts available for such obligation on deposit in the trust.
16 The amounts on deposit in the trust may only be disbursed in accordance with the provisions of this
17 chapter. The trust shall continue in existence as long as it holds any deposits or has any obligations
18 and until its existence is terminated by law. Upon termination, any unclaimed assets shall return to
19 the state. Property of the trust shall be governed by § 33-21.1-12.

20 (c) The general treasurer shall be responsible for the receipt, maintenance, administration,
21 investigation, and disbursements from the trust. The trust shall not receive deposits in any form
22 other than cash.

23 **35-23-3. Powers of the general treasurer.**

24 The general treasurer, on behalf of the trust and for purposes of the trust, may:

25 (1) Receive and invest monies in the trust in any instruments, obligations, securities or
26 property in accordance with the provisions of this chapter;

27 (2) Enter into one or more contractual agreements, including contracts for legal, actuarial,
28 accounting, custodial, advisory, management, administrative, advertising, marketing and
29 consulting services from the trust and pay for such services from the gains and earnings of the trust;

30 (3) Procure insurance in connection with the trust's property, assets, activities or deposits
31 to the trust;

32 (4) Apply for, accept and expend gifts, grants or donations from public or private sources
33 to enable the trust to carry out its objectives;

34 (5) Adopt rules and regulations it deems necessary to effectuate the purposes of this

1 chapter:

2 (6) Sue and be sued;

3 (7) Establish one or more funds within the trust and maintain separate accounts for each
4 designated beneficiary; and

5 (8) Take any other action necessary to effectuate the purposes of this chapter, and incidental
6 to the duties imposed on the general treasurer pursuant to this chapter.

7 **35-23-4. Investment of funds in the trust.**

8 Notwithstanding the provisions of §§ 35-10-12 through 35-10-14, inclusive, the general
9 treasurer shall invest the amounts on deposit in the trust in a manner reasonable and appropriate to
10 achieve the objectives of the trust, exercising the discretion and care of a prudent person in similar
11 circumstances with similar objectives. The general treasurer shall give due consideration to rate of
12 return, risk, term or maturity, diversification of the portfolio within the trust, liquidity, the projected
13 disbursements of the total portfolio within the trust, liquidity, the projected disbursements and
14 expenditures and the expected payments, deposits, contributions and gifts to be received. The
15 general treasurer shall not require the trust to invest directly in obligations of the state or any
16 political subdivision of the state or in any investment or other fund administered by the general
17 treasurer. The assets of the trust shall be continuously invested and reinvested in a manner
18 consistent with the objectives of the trust until disbursed for qualified expenses as defined by this
19 chapter or expended on expenses incurred by the operations of the trust.

20 **35-23-5. Exemption from taxation.**

21 The property of the trust and the earnings on the trust shall be exempt from all taxation by
22 the state and all political subdivisions of the state.

23 **35-23-6. Monies invested in trust not considered assets or income.**

24 Except as otherwise provided by federal law, any money deposited into the trust and
25 credited to a designated beneficiary, and any increase in the values thereof, must not be used to
26 calculate the personal assets of a designated beneficiary for purposes of determining the eligibility
27 of the designated beneficiary for:

28 (1) Any disability, medical or other health benefits administered by the state; or

29 (2) Any student loan program, student grant program or other student financial aid program
30 administered by the state.

31 **35-23-7. Accounting for designated beneficiary. Claim for accounting.**

32 (a) The general treasurer shall establish in the Rhode Island baby bond trust an accounting
33 for each designated beneficiary. Each such account shall include the amount transferred to the trust
34 pursuant to § 35-23-8, plus the designated beneficiary's pro rata share of total net earnings from

1 investments of sums held in the trust.

2 (b) The department of health shall notify the office of the general treasurer of the birth of
3 each designated beneficiary.

4 (c) Upon a designated beneficiary's eighteenth birthday, if such a beneficiary is a resident
5 of the state and has been for at least two (2) preceding years, such beneficiary shall become eligible
6 to receive the total sum of the accounting under subsection (a) of this section to be used for a
7 qualified expense. The general treasurer may adopt regulations necessary to effectuate the purposes
8 of this chapter.

9 (d) A designated beneficiary must submit a claim that meets the requirements set forth in
10 this chapter before the designated beneficiary reaches thirty (30) years of age.

11 (e) If a designated beneficiary is deceased before their eighteenth birthday, does not submit
12 a timely claim or is no longer a resident of the state on their eighteenth birthday, such accounting
13 shall be credited back to the trust.

14 (f) The general treasurer shall furnish each eligible beneficiary with an annual statement
15 relating to the individual's accounting, which shall include:

16 (1) A statement of the balance attributable to the individual;

17 (2) A projection of the balance's growth by the time the individual attains the age of
18 eighteen (18);

19 (3) Resources and information to promote financial wellness and literacy of the designated
20 beneficiary; and

21 (4) Such other information as the general treasurer deems relevant.

22 **35-23-8. Transfer to trust upon birth of designated beneficiary.**

23 (a) Upon the birth of a designated beneficiary, the general treasurer shall transfer three
24 thousand dollars (\$3,000) from the general fund to the trust to be credited toward the accounting of
25 such designated beneficiary pursuant to § 35-23-7.

26 SECTION 2. Section 33-21.1-23 of the General Laws in Chapter 33-21.1 entitled
27 "Unclaimed Intangible and Tangible Property" is hereby amended to read as follows:

28 **33-21.1-23. Deposit of funds.**

29 (a) Except as otherwise provided by this section, the administrator shall promptly deposit
30 in the ~~general fund of this state~~ Rhode Island baby bond trust all funds received under this chapter,
31 including the proceeds from the sale of abandoned property under § 33-21.1-22. The administrator
32 shall retain in a separate bank account an amount not less than one hundred thousand dollars
33 (\$100,000) from which prompt payment of claims duly allowed must be made by him or her. Before
34 making the deposit, the administrator shall record the name and last known address of each person

1 appearing from the holders' reports to be entitled to the property and the name and last known
2 address of each insured person or annuitant and beneficiary and with respect to each policy or
3 contract listed in the report of an insurance company its number and the name of the company. The
4 record with the exception of the amount due must be available for public inspection at all reasonable
5 business hours.

6 (b) Before making any transfer from the account surplus to the credit of the ~~general fund~~
7 [Rhode Island baby bond trust](#), the administrator may deduct:

8 (1) Any costs in connection with the sale of abandoned property;

9 (2) Costs of mailing and publication in connection with any abandoned property;

10 (3) Reasonable service charges;

11 (4) Costs incurred in examining records of holders of property and in collecting the
12 property from those holders; and

13 (5) Any other charges, costs or expenses incurred in the administration of this chapter.

14 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO PUBLIC FINANCE -- RHODE ISLAND BABY BOND TRUST

- 1 This act would create the Rhode Island baby bond trust to provide investment funds to
- 2 children born to families with public health insurance or no insurance living in Rhode Island.
- 3 This act would take effect upon passage.

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