

LC001697

## IN GENERAL ASSEMBLY

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## RELATING TO PUBLIC FINANCE -- RHODE ISLAND BABY BOND TRUST

(General Treasurer)

19 (3) “Trust” means the Rhode Island baby bond trust, which consists of:

1           (i) All money from public or private sources appropriated or made available to the state for  
2 the benefit of the trust; and

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

4           **35-24-2. Establishment.**

5           (a) There is hereby established the Rhode Island baby bond trust. The trust shall constitute  
6 an instrumentality of the state and shall perform essential governmental functions as provided under  
7 the provisions of this chapter. The trust shall receive and hold all payments and deposits or  
8 contributions intended for the trust, as well as gifts, bequests, endowments or federal, state or local  
9 grants and any other funds from any public or private source and all earnings until disbursed in  
10 accordance with § 35-24-7.

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

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

25           **35-24-3. Powers of the general treasurer.**

26           (a) The general treasurer, on behalf of the trust and for purposes of the trust, may:

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

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

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

34           (4) Apply for, accept and expend gifts, grants or donations from public or private sources

1 to enable the trust to carry out its objectives;

2 (5) Adopt rules and regulations it deems necessary to effectuate the purposes of this  
3 chapter;

4 (6) Sue and be sued;

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

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

9 (b) The general treasurer shall create a process within the office of the general treasurer to  
10 determine whether an expenditure proposed by a designated beneficiary is an eligible expenditure  
11 before the designated beneficiary is to receive any distribution under § 35-24-7.

12 **35-24-4. Investment of funds in the trust.**

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

25 **35-24-5. Exemption from taxation.**

26 (a) The property of the trust and the earnings on the trust shall be exempt from all taxation  
27 by the state and all political subdivisions of the state. Distributions made pursuant to § 35-24-7  
28 shall be considered income subject to taxation in accordance with chapter 30 of title 44 and shall  
29 be subject to federal and state withholdings.

30 (b) The tax administrator may adopt rules and regulations necessary to monitor, implement,  
31 and administer the Rhode Island personal income tax provisions referred to in subsection (a) of this  
32 section.

33 **35-24-6. Monies invested in trust not considered assets or income.**

34 Except as otherwise required by federal law, any money deposited into the trust and

1 credited to a designated beneficiary, and any increase in the values thereof, shall not be used to  
2 calculate the personal assets of a designated beneficiary for purposes of determining income  
3 eligibility of the designated beneficiary for state or local assistance programs including:

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

5 (2) Any student loan program, student grant program or other student financial program  
6 administered by the state.

7 **35-24-7. Accounting for designated beneficiary. Claim for accounting.**

8 (a) The general treasurer shall establish in the Rhode Island baby bond trust an accounting  
9 for each designated beneficiary. Each such account shall include the amount transferred to the trust  
10 pursuant to § 35-24-8, plus the designated beneficiary's pro rata share of total net earnings from  
11 investments of sums as determined by the general treasurer and held in the trust.

12 (b) The department of human services shall notify the office of the general treasurer of the  
13 birth or enrollment of each designated beneficiary.

14 (c) Upon a designated beneficiary's eighteenth birthday, if such a beneficiary is a resident  
15 of the state and has been for the two (2) years immediately preceding receipt of any distribution  
16 under this section, such beneficiary shall become eligible to receive the total sum of the accounting  
17 under subsection (a) of this section to be used for eligible expenditures.

18 (d) A designated beneficiary must submit a claim that meets the requirements set forth in  
19 this chapter before the designated beneficiary reaches thirty-five (35) years of age.

20 (e) If a designated beneficiary is deceased before their eighteenth birthday, does not submit  
21 a timely claim, or is no longer a resident of the state upon reaching thirty-five (35) years of age,  
22 such accounting shall be credited back to the general fund of the state.

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

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

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

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

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

31 **35-24-8. Transfer to trust upon birth of designated beneficiary.**

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

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

3           **33-21.1-23. Deposit of funds.**

4           (a) Except as otherwise provided by this section, the administrator shall promptly deposit  
5 in the ~~general fund of this state all funds received under this chapter, including the proceeds from~~  
6 ~~the sale of abandoned property under § 33-21.1-22~~ Rhode Island baby bond trust a one-time three  
7 thousand-dollar (\$3,000) allocation for each designated beneficiary as defined in § 35-24-1 born in  
8 the preceding calendar year. The administrator shall promptly deposit all remaining funds in the  
9 general fund of this state, including the proceeds from the sale of abandoned property under § 33-  
10 21.1-22. The administrator shall retain in a separate bank account an amount not less than one  
11 hundred thousand dollars (\$100,000) from which prompt payment of claims duly allowed must be  
12 made by him or her. Before making the deposit, the administrator shall record the name and last  
13 known address of each person appearing from the holders' reports to be entitled to the property and  
14 the name and last known address of each insured person or annuitant and beneficiary and with  
15 respect to each policy or contract listed in the report of an insurance company its number and the  
16 name of the company. The record with the exception of the amount due must be available for public  
17 inspection at all reasonable business hours.

18           (b) Before making any transfer from the account surplus ~~to the credit of the general fund~~  
19 pursuant to subsection (a) of this section, the administrator may deduct:

- 20           (1) Any costs in connection with the sale of abandoned property;  
21           (2) Costs of mailing and publication in connection with any abandoned property;  
22           (3) Reasonable service charges;  
23           (4) Costs incurred in examining records of holders of property and in collecting the  
24 property from those holders; and  
25           (5) Any other charges, costs or expenses incurred in the administration of this chapter.

26           SECTION 3. This act shall take effect on July 1, 2026.

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

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1           This act would create a pilot program that would create a \$3,000 trust for each Rhode Island  
2 child ages zero to one year born to a family enrolled in the Rhode Island works program (“RI  
3 Works”) during the preceding calendar year. The office of the general treasurer would hold the  
4 funds in trust and invest the funds until the child reaches the age of maturity. Upon reaching the  
5 age of maturity, any individual who received a grant at birth and has been a Rhode Island citizen  
6 for the last two (2) years would be eligible to withdraw the funds and investment proceeds, and use  
7 funds to either: (1) Attend a higher education or vocational school in Rhode Island; (2) Purchase a  
8 home in Rhode Island; (3) Start a business with its principal place of business in Rhode Island; or  
9 (4) Another investment in financial assets or personal capital that provides long-term gains to wages  
10 or wealth, as defined in regulation promulgated by the general treasurer.

11           This act would take effect on July 1, 2026.

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