

LC004729

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2026
RELATING TO ROGER WILLIAMS MEDICAL CENTER AND OUR LADY OF FATIMA
HOSPITAL AND AUTHORIZING THE STATE OF RHODE ISLAND TO PROVIDE
FINANCING SUPPORT TO ASSIST THE SALE OF THE HOSPITALS TO CHARTERCARE
HEALTH OF RHODE ISLAND, INC.

Introduced By: Senators DiPalma, Lawson, Ciccone, and Tikoian

Date Introduced: January 29, 2026

Referred To: Senate Finance

(Governor/Attorney General)

It is enacted by the General Assembly as follows:

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- ARTICLE 1: RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTIONS
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- ARTICLE 2: RELATING TO THE SUPPLEMENTAL STATE BUDGET RESERVE
- 3
- ACCOUNT
- 4
- ARTICLE 3: RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT
- 5
- OF FY 2026
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- ARTICLE 4: RELATING TO EFFECTIVE DATES

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ARTICLE 1

RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTIONS

SECTION 1. This article shall serve as the joint resolution and authorization required pursuant to Rhode Island General Laws § 35-18-1, et seq (the “Rhode Island Public Corporation Debt Management Act”) and other applicable law.

SECTION 2. CharterCARE Health of Rhode Island, Inc. Debt Service Reserve Fund

WHEREAS, The General Assembly has historically adopted laws and provided various levels of support for the benefit of hospitals and healthcare facilities in the state for the health, safety and welfare of the Rhode Island people; and

WHEREAS, Certain community hospitals act as the sole source of immediate access to hospital care for residents of the areas they serve and are essential to the maintenance of public health and safety; and

WHEREAS, The diversity of services provided by these essential community hospitals are necessary for the overall health and safety of the community, but the costs of such services result in financial distress for the hospitals that must serve large uninsured or governmentally insured populations;

WHEREAS, Because of the important medical services provided by such hospitals, restoring and ensuring the continued financial viability of these essential community hospitals is necessary for the public health and safety; and

WHEREAS, Roger William Medical Center located in Providence, Rhode Island and Our Lady of Fatima Hospital, located in North Providence, Rhode Island (the “Hospitals”) are distressed essential community hospitals, currently under the supervision of the United States Bankruptcy Court for the Northern District of Texas Dallas Division Case No 25-80002 (SGJ) and are currently in the process of being sold to CharterCARE Health of Rhode Island, Inc. pursuant to an order of the Bankruptcy Court and state approvals pursuant to the Hospital Conversions Act Rhode Island General Laws § 23-17.14-1 et seq. and the Licensing of Healthcare Facilities Act Rhode Island General Laws § 23-17-1 et seq.; and

WHEREAS, In fiscal year 2024, Roger Williams Medical Center provided care for nearly 31,500 emergency room patients, 55,000 inpatient cases and 84,000 outpatient visits, demonstrating that the financial viability of Roger Williams Medical Center is vital to the public health and safety of the community it serves; and

WHEREAS, In fiscal year 2024, Our Lady of Fatima Hospital provided care for nearly 25,500 emergency room patients, 4,857 inpatient cases and 124,000 outpatient visits, demonstrating that the financial viability of Our Lady of Fatima Hospital is vital to the public health

1 and safety of the community it serves; and

2 WHEREAS, Ensuring the financial viability of the Hospitals is expected to preserve two
3 thousand seven hundred (2,700) jobs and benefit the State of Rhode Island; and

4 WHEREAS, To preserve the viability of the Hospitals, it is necessary to provide financing
5 support to assist the sale of the Hospitals to CharterCARE Health of Rhode Island, Inc.; and

6 WHEREAS, CharterCARE Health of Rhode Island, Inc., itself or acting through its
7 affiliate or a special purpose entity created for such purpose, as borrower, intends to finance the
8 acquisition of the Hospitals and all or a portion of the related costs through the issuance of limited
9 obligations of the Rhode Island Health and Educational Building Corporation (the “Corporation”)
10 under its hospital revenue bond program; and

11 WHEREAS, Due to market conditions and to enhance the creditworthiness of the
12 borrower, it is critical to the sale of the bonds that the state provide no greater than eighteen million
13 dollars (\$18,000,000) to fund a debt service reserve fund as credit support for the bonds; and

14 WHEREAS, The state from time to time may fund the debt service reserve fund from
15 available monies as set forth in Article 3 herein or by paying the costs to obtain a letter of credit,
16 surety or other credit support for the bonds (the “Credit Facility”), or any combination of the
17 foregoing; and

18 WHEREAS, That the state’s obligations under any Credit Facility will be subject to
19 appropriation therefor by the General Assembly in each budget year; and

20 WHEREAS, The maximum obligation of the state under any Credit Facility shall be
21 \$18,000,000 not including interest on any amounts drawn and fees; and

22 WHEREAS, The Rhode Island Public Corporation Debt Management Act requires the
23 General Assembly to provide its consent to the issuance or incurring by the State of Rhode Island
24 of certain obligations, including financing guarantees or other credit support agreements.

25 NOW THEREFORE, It is enacted and resolved by the General Assembly as follows:

26 RESOLVED, That this General Assembly hereby approves the creation of a debt service
27 reserve fund for the bonds in a principal amount funded by the state not to exceed \$18,000,000 in
28 accordance with Article 3 hereof, or, at the option of the state, in lieu of cash funding of the debt
29 service reserve fund, the establishment of a Credit Facility to fund the debt service reserve fund for
30 the bonds in a principal amount of not to exceed \$18,000,000; and be it further

31 RESOLVED, That the state shall have no obligation to replenish the debt service reserve
32 fund, however, nothing contained herein shall prohibit the state by act of the General Assembly
33 from doing so in the event the debt service reserve fund is drawn upon; and be it further

34 RESOLVED, That any funds remaining in the debt service reserve fund either upon

1 payment in full of the bonds or upon the substitution of cash funding with a Credit Facility shall
2 revert to the supplemental state budget reserve account established pursuant to Rhode Island
3 General Laws § 35-3-20.2; and be it further

4 RESOLVED, That the interest rate on any Credit Facility shall not exceed the maximum
5 rate permitted by law; and be it further

6 RESOLVED, That the state, acting through the general treasurer shall execute agreements
7 in connection with the establishment of a Credit Facility as contemplated herein and any other
8 agreements necessary to effectuate the purposes of this act; and be it further

9 RESOLVED, That bonds issued by the Corporation will be special obligations of the
10 Corporation payable from funds received by the Corporation under the bond documents and other
11 revenues received by the Corporation, in any combination or priority as may be designated in the
12 proceedings of the Corporation authorizing the issuance of such debt; and be it further

13 RESOLVED, That the Credit Facility will not constitute indebtedness of the state or any
14 of its subdivisions or a debt for which the full faith and credit of the state or any of its subdivisions
15 is pledged; and be it further

16 RESOLVED, That the state's authority to incur the obligations set forth herein is
17 contingent upon the sale and issuance of the bonds to provide funds for the purchase of the
18 Hospitals and all or a portion of the costs associated therewith. The authority hereunder shall
19 become effective upon the sale of the bonds and shall remain in effect as long the bonds remain
20 outstanding.

21 RESOLVED, That this joint resolution shall take effect upon passage.

22 SECTION 3. This article shall take effect upon passage

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ARTICLE 2

RELATING TO THE SUPPLEMENTAL STATE BUDGET RESERVE ACCOUNT

SECTION 1. Section 35-3-20.2 of the General Laws in Chapter 35-3 entitled "State Budget" is hereby amended to read as follows:

35-3-20.2. Supplemental state budget reserve account.

(a) There is hereby created within the general fund a supplemental state budget reserve account, which shall be administered by the state controller and which shall be used solely for the purpose of providing such sums as may be appropriated to fund any unanticipated general revenue deficit caused by a general revenue shortfall.

(b) At any time after the third quarter of a fiscal year that it is indicated that total resources which are defined to be the aggregate of estimated general revenue, general revenue receivables, and available free surplus in the general fund will be less than the estimates upon which current appropriations were based, the general assembly may make appropriations from the supplemental state budget reserve account for the difference between the estimated total resources and the original estimates upon which enacted appropriations were based, but only in the amount of the difference based upon the revenues projected at the latest state revenue estimating conference pursuant to chapter 16 of this title as reported by the chairperson of that conference.

(c) Whenever a transfer has been made pursuant to subsection (b), that transfer shall be considered as estimated general revenues for the purposes of determining the amount to be transferred to the Rhode Island capital plan fund for the purposes of § 35-3-20.1(b).

(d) The supplemental state budget reserve account shall consist of: (1) Such sums as the state may from time to time directly transfer to the account as authorized in law; and (2) Any amounts transferred pursuant to § 35-6-1(e).

(e) Notwithstanding the provisions of this section or any other law to the contrary, for the fiscal year ending June 30, 2026, the state controller shall transfer the sum of eighteen million dollars (\$18,000,000) from the supplemental state budget reserve account to general revenue.

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ARTICLE 3

RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2026

SECTION 1. Section 1 of Article 1 of Chapter 278 of the Public Laws of 2025 is hereby amended as follows:

 Increase general revenue by \$18,000,000 by adding a new line item within the general program of the department of administration by inserting the following text after the line “Library Construction Aid 2,115,628”:

[Hospital Financing Support Debt Service Reserve \\$18,000,000](#)
 [Provided that, in order to provide credit enhancement to the proposed Hospital Financing Revenue Bonds \(CharterCARE Health of Rhode Island, Inc. Issue\) to be issued by the Rhode Island Health and Educational Building Corporation, \\$18,000,000 be allocated to the Rhode Island Health and Educational Building Corporation to be used to fund a debt service reserve fund for the bonds](#)

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ARTICLE 4

RELATING TO EFFECTIVE DATE

SECTION 1. Except as otherwise provided herein, this act shall take effect upon the sale of the proposed Hospital Financing Revenue Bonds (CharterCARE Health of Rhode Island, Inc. Issue) to be issued by the Rhode Island Health and Educational Building Corporation, and further provided that if the bond issue does not close by May 8, 2026 this act shall not take effect.

SECTION 2. The article shall take effect upon passage.

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