ATTACHMENT F

July 26, 2018

To the Honorable Senate and House of Representatives:

Pursuant to Article LVI, as amended by Article XC, Section 3 of the Amendments to the Constitution, I am returning to you for amendment Section 62 of House Bill No. 4800, “An Act Making Appropriations for the Fiscal Year 2019 for the Maintenance of the Departments, Boards, Commissions, Institutions and Certain Activities of the Commonwealth, for Interest, Sinking Fund and Serial Bond Requirements and for Certain Permanent Improvements.”

Section 62 caps future rental increases for the boat houses and yacht clubs that are located on Department of Conservation and Recreation (“DCR”) property, at 2% of the amounts paid as of January 1, 2015. In Chapter 65 of the Acts of 2010, the Legislature authorized DCR and the Division of Capital Asset Management and Maintenance to enter into leases with those boat houses and yacht clubs. Part of the Legislature’s purpose was to progress toward market-based rents for these facilities, which enjoy unique waterfront benefits from their location which were not previously recognized in the amounts they paid to the Commonwealth.

Section 62 would significantly delay this progress. The Commonwealth implemented Chapter 65 by first entering into permits with each facility, of shorter duration, while it worked with the facilities on the long-term leases. The amounts paid by these facilities under these permits as of January 1, 2015, and even currently, are demonstrably below market rates. If rent increases are capped at the amounts specified in the conference report, the amounts paid by these facilities will never reach comparability with market rates and a major part of the Legislature’s purpose will have been frustrated.

For these reasons, I recommend that Section 62 be amended by striking out the text and inserting in place thereof the following text:-

SECTION 62. Chapter 65 of the acts of 2010, as amended by section 2 of chapter 143 of the acts of 2012 and chapter 282 of the acts of 2014, is hereby further amended by inserting after section 2 the following section:-

Section 2A. Notwithstanding any general or special law to the contrary, the leases or other agreements executed under section 1 shall not require an annual rental payment increase of more than 4 per cent of the established rental or permit payment rate for each lease or other agreement as of January 1, 2018. This section shall not apply to any lease or other agreement executed by a club associated with an institution of higher education.

Respectfully submitted,

 Charles D. Baker

 Governor