ATTACHMENT L

July 8, 2016

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 145 of House Bill No. 4450, “An Act Making Appropriations for the Fiscal Year 2017 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 145 proposes to fund in fiscal year 2017 payments to the State Retiree Benefits Trust Fund. In fiscal year 2017, those payments would amount to 10% of the payments received by the Commonwealth under the tobacco settlement agreement. This represents a substantial step backwards from our current funding commitment, under which we have made payments amounting to 30% of tobacco settlement proceeds in each of the last three fiscal years, and from my proposal in House 2.

This reduction to our funding commitment unnecessarily places into question our strong double AA+ bond rating. The Treasurer and I have worked hard with the Legislature to preserve that bond rating, and we intend to continue to do so. We should continue to pay into the State Retiree Benefits Trust Fund at the same rate we have been paying.

For these reasons, I recommend that Section 145 be amended by striking out, each time they appear, the words, “10 per cent,” and inserting in place thereof the following words:- 30 per cent.

Respectfully submitted,