

Governor's FY 2022 Budget: Articles

Staff Presentation to the House Finance
Committee
April 1, 2021

Introduction

- Article 8 – Public Utilities and Carriers
- Article 6 – Fees
 - Sec. 6 : Westerly Recreational Fees
 - Sec. 8 : CRMC Fees
- Article 7 – Environment
- Article 10 – Fishing Industry
Modernization
- GBA 1 – Underground Storage Tank
Fund Transfer

Article 8 – Public Utilities Commission

- Single agency with two distinct regulatory bodies
 - Commission
 - Quasi-judicial tribunal with jurisdiction, powers, and duties to implement and enforce public utility standards of conduct
 - Holds hearings involving rates, tariffs, tolls, and utilities' charges
 - Division
 - Enforces Commission rules and regulations

Article 8 – Public Utilities Commission

- Article 8 establishes emergency response reporting requirement
 - Significant or widespread outages
 - Service interruptions
 - On May 15, 2022 and annually thereafter
- Also requires companies to establish standards of utility restoration
 - Subject to review by the Division
 - Applies to gas and electricity distributors

Article 8 – Public Utilities Commission

- No current standards or law in place requiring specific preparation for a major utility outage
 - Such as Aquidneck Island gas outage in 2019
- Division can only review a company's actions after an incident
 - RIGL Section 39-4-13
 - Review is limited to cost recovery issues

Article 8 – Public Utilities Commission

- Article 8 imposes penalties
 - Failing to file Emergency Response Plan
 - \$500/day there is no filing
 - Fines for violations of standards
 - Up to \$100,000 for each day the violation persists
 - Maximum fee \$7.5 million
 - Penalties assessed will be credited back to the company's customers
- 2021 H-5204 is exact duplicate of Article 8

Article 6 – Fees

- Department of Environmental Management
 - Responsible for managing state beaches, parks, & recreation areas
 - 31 state owned facilities
 - RIGL 42-17.1-9.1 allows DEM to charge user fees for services and facilities
 - Examples: parking at beaches, pavilion rentals, campground fees & picnic tables
 - Established through regulatory process

Article 6 – Fees

- Section 6 – Westerly Recreational Fees
 - Allows DEM to increase fees for facilities located in Westerly
 - 2019 Assembly froze fees at current level through October 2021
- Budget includes \$0.6 million in new general revenues
 - Assumes changes to weekday and weekend beach parking passes only
 - Regulations would take effect July 1

Article 6 – Fees

- Section 6 – Westerly Recreational Fees
 - Based on DEM proposed fees

Fee	Weekday		Weekend	
	Current	Proposed	Current	Proposed
Resident	\$6.00	\$10.00	\$7.00	\$15.00
Non-Resident	\$12.00	\$20.00	\$14.00	\$30.00
Senior Resident	\$3.00	\$10.00	\$3.50	\$15.00
Senior Non-Resident	\$7.00	\$20.00	\$7.00	\$30.00

Article 6 – Fees

- Section 6 – Westerly Recreational Fees
 - Applies only to Misquamicut State Beach
 - Has the highest percentage of out-of-state visitors in the last 3 years
 - Currently beach parking fees are the same at each state beach
 - There is an offsetting expenditure in DEM budget to pay Westerly its increased share of daily beach pass collections; \$0.2 million

Article 6 – Fees

- Coastal Resources Management Council
 - State agency responsible for:
 - Preservation, protection, development & restoration of coastal areas in the state
 - Issuing permits for work within the coastal zone
 - Lead state agency for dredging
 - Aquaculture
 - RIGL allows Council to assess administrative and criminal penalties

Article 6 – Fees

CRMC Penalties	Current	Proposed
Blocking or Posting Rights-of-Way	\$500	\$1,000
Criminal Penalty	\$500	\$1,000
Admin. Penalties/violation	\$2,500	\$10,000
Admin. Penalties/day violation exists	\$500	\$1,000
Total Max Assessed Admin. Penalties	\$10,000	\$50,000

- Administrative penalties last increased in 2004
 - Budget assumes \$15,000 in new general revenues
 - \$28,000 collected in FY 2017; more recently \$7,200 to \$500

Article 6 – Fees

- Article also changes the “de novo” standard of legal review
 - Changes appeals process
 - Refers to the amount of deference given by the Superior Court in reviewing decisions by the Council in assessing administrative penalties
 - This means the appellant would not get a new trial in Superior Court, rather have the findings of CRMC reviewed

Article 7 – Environment

Sec.	Topic	GR Impact	RR Impact
1	Commercial Fertilizer Reg. Fee	\$ 0.1	\$ -
2	Commercial Feed Reg. Fee	0.5	-
3	Season and Bag Limits	-	-
4	Fish and Wildlife Fees	-	0.1
5	Pesticide Product Reg. Fee	0.8	-
	Total	\$1.4	\$0.1

\$ in millions

Article 7 – Environment

- Department of Environmental Management Division of Agriculture
 - Responsible for registering agricultural products brought in to the state
 - Manufacturers and distributors must register their products
 - Includes commercial fertilizers, fees, agricultural materials, soil amendments, & pesticides

Article 7 – Environment

- Sections 1, 2 & 5 Agriculture Fees

Registration Fee	Current	Article 7	MA Fee	CT Fee	Last RI Increase
Commercial Fertilizer	\$72	\$100	\$250	\$75	1995
Commercial Feed	\$60	\$100	\$100	\$80	2004
Pesticide Product	\$150	\$250	\$300	\$188	2007

- Estimated to increase general revenues \$1.4 million

Article 7 – Environment

- Department of Environmental Management Division of Fish & Wildlife
 - Responsible for administering a Fish and Wildlife Program
 - Setting season, size limits, methods of taking, & daily limits
 - To fish or hunt within the state a person must have a license and/or permit

Article 7, Sec. 3 & 4 – Hunting and Recreational Fishing

- Section 3 repeals provision that season & bag limits can only be effective for one year
- Section 4 Increases fees
 - Hunting, fishing & combo licenses
 - Permits for deer, wild turkey, stocked game, waterfowl, fur trapping, & trout fishing
 - Take effect in FY 2022, FY 2026, & FY 2029
- Last increase in 2002
- Fee collections used as state match for federal Fish and Wildlife funds

Article 7, Sec. 4 – Hunting and Recreational Fishing

- Examples of license and permit fee increases

Resident Licenses/Permits	Current	Regional Average	FY 2022	FY 2026	FY 2029
Freshwater Fishing or Hunting	\$18.00	\$25.79	\$21.00	\$24.00	\$27.00
Combination Fish/Hunting	\$33.00	\$50.65	\$38.00	\$43.00	\$48.00
Deer Permits	\$12.50	\$15.61	\$13.00	\$14.00	\$15.00
Wild Turkey Permits	\$7.50	\$18.11	\$8.00	\$9.00	\$10.50

Article 7 Sec. 4 – Hunting and Recreational Fishing

- Examples of license and permit fee increases for non-residents

Non-Resident Licenses/Permits	Current	Regional Average	FY 2021	FY 2026	FY 2029
Freshwater Fishing	\$35.00	\$45.89	\$38.00	\$41.00	\$44.00
Hunting	\$45.00	\$118.54	\$55.00	\$65.00	\$75.00
3 Day Hunting	\$16.00	\$42.63	\$20.00	\$20.00	\$20.00
Deer Permits	\$25.50	\$29.11	\$26.50	\$27.50	\$28.50
Wild Turkey Permits	\$20.00	\$25.61	\$21.50	\$23.00	\$24.50

Article 10 – Commercial Fishing Modernization

Sec.	Topic	GR Impact	RR Impact
1	Party or Charter Vessel Licenses	\$ -	\$0.1
2 - 6	Relating to Commercial Fishing	-	-
7	Shellfish Dockside Program	0.4	-
	Total	\$0.4	\$0.1

\$ in millions

Article 10, Sec. 1 – Party or Charter Vessels

- Party & charter vessels are those that take passengers on state waters to attempt to take marine species recreationally
 - Must be licensed through the Department of Environmental Management
 - Current license fee is \$25/vessel for 2 years

Article 10, Sec. 1 – Party or Charter Vessels

- Article 10 Section 1
 - Increases fees
 - From \$25 biennially to \$100 annually for residents
 - Establishes non resident fee of \$300 annually
 - Fees have not been changed since 1998
 - Moves renewal date from end of February to end of December
 - To align with calendar year
 - Similar to yearly harvest data

Article 10, Sec. 2 & 4 - 6 – Commercial Fishing

- Every vessel landing or dealing commercially in marine species in the state must have a permit/license
- Landing:
 - To offload marine species harvested within or outside state waters for sale
- Dealing:
 - To barter or trade in marine species

Article 10, Sec. 2 & 4 - 6 – Commercial Fishing

- Article 10 increases fees for landing & dealing
 - Landing Fees
 - Changes from multiple license types to one standard fee

Landing Fees	Resident	Non-Resident
Current	\$200	\$400
Proposed	\$300	\$600

- Dealing fees increase from \$200 to \$450
 - Still depends on license type

Article 10, Sec. 3 – Commercial Fishing

- Article 10 establishes Multi-purpose Vessel License
 - Enables vessel owners to have any operator engage in commercial fishing aboard their vessel
 - Currently limited to only those who already have a commercial fishing license
 - Becomes effective July 1, 2022, or FY 2023

Article 10, Sec. 3 – Commercial Fishing

- Current licensing structure
 - Commercial fishing
 - Principal effort
 - Multi-purpose
 - Students & over 65 (shellfish)
 - Requires species and gear-type endorsements
 - Older & outdated way of managing fisheries

Article 10, Sec. 3 – Commercial Fishing

- Proposed Licensing Structure
 - Standard Resident or Non-Resident License
 - Further categorized by limited or unlimited sectors
 - Accounts for species type & fishing effort
 - Retains multi-purpose, student & over 65 shellfishing licenses
 - Assumes modern management techniques
 - Examples: electronic reporting and quota monitoring
- Effective July 1, 2022, FY 2023

Article 10, Sec. 3 – Commercial Fishing

- Massachusetts used as a model for fee amounts

Proposed Fees for Residents	Limited	Unlimited
1 Sector	\$150	\$300
2 Sectors	\$200	\$375
3 Sectors	\$250	\$450
Multipurpose		\$450
Combo: 1 Limited & 1 Unlimited		\$350
Combo: 2 Limited & 1 Unlimited		\$400
Combo: 1 Limited & 2 Unlimited		\$425

Article 10, Sec. 3 – Commercial Fishing

Proposed Fees for Non-Residents	Limited	Unlimited
1 Sector	\$350	\$700
2 Sectors	\$700	\$1,400
3 Sectors	\$1,050	N/A
Combo: 1 Limited & 1 Unlimited	\$1,050	
Combo: 2 Limited & 1 Unlimited	\$1,400	
Combo: 1 Limited & 2 Unlimited	\$1,750	

Article 10, Sec. 7 – Shellfish Dockside Program

- Dept. of Health analyzes water samples collected from shellfish growing areas
 - Reports results to DEM for decisions when to close shellfish harvesting areas
- In 2016 & 2017 RI was affected by closures of shellfishing areas in Narragansett Bay
- DEM & DOH developed contingency plan for additional testing capabilities
 - Protect public health and shellfish industry

Article 10, Sec. 7 – Shellfish Dockside Program

- Article authorizes director of DOH to establish a dockside program
 - Excludes aquaculture processors
 - Program to be established through rules and regulations
 - Pursuant to National Shellfish Sanitation program Model Ordinance
 - Assure licensed marine shellfish processors are meeting sanitary standards
 - Includes authority for license fee

Article 10, Sec. 7 – Shellfish Dockside Program

- Article dedicates fee revenues for program expenses
 - Fees deposited as general revenues
 - Budget assumes \$0.4 million
 - Support 3.0 new positions
 - 2.0 laboratory testing positions
 - 1.0 environmental health food specialist
 - Operating expenses
 - Laboratory testing & monitoring activities

FY 2022 Budget - UST Fund

- Underground Storage Tank Fund
 - Created in 1994
 - Supported from revenues from 1/2 cent tax per gallon motor fuel
 - \$8.0 million cap on fee collection
 - Eligible uses include
 - Reimbursement of claims including property or natural resource damage
 - DEM costs for investigation, remediation, and corrective action activities at sites of a release

FY 2022 Budget - UST Fund

- There were previous transfers of \$2.0 million to general fund in both FY 2006 and FY 2008
- Fund was originally supported by one full cent of the gas tax
 - Amended in 2009, one half cent for UST, one half cent for the Intermodal Surface Transportation Fund

FY 2022 Budget - UST Fund

- Governor's budget assumes transfer of \$1.0 million from the fund by June 30, 2022
 - Fund has operating surplus
 - \$1.1 million in FY 2020, ending balance of \$4.8 million
 - FY 2022 estimated year-end balance of \$4.9 million without transfer
 - With transfer, estimated balance is \$3.9 million
- GBA submitted March 30, 2021
 - New Section 19 in Article 1

FY 2022 Budget - UST Fund

Fiscal Year	2019	2020	2021*	2022*	2022* w/ transfer
Prior Balance	\$2.3	\$3.9	\$4.8	\$4.7	\$4.7
Receipts	2.7	1.9	1.9	1.9	1.9
Transfer					(1.0)
Total Available	\$5.0	\$5.9	\$6.8	\$6.6	\$5.6
Staffing & Operations	\$0.1	\$0.1	\$0.5	\$0.5	\$0.5
Grants	0.9	0.9	1.5	1.3	\$1.3
<i>Total Expenses</i>	<i>\$1.0</i>	<i>\$1.0</i>	<i>\$2.0</i>	<i>\$1.7</i>	<i>\$1.7</i>
Balance	\$3.9	\$4.8	\$4.7	\$4.9	\$3.9

* Gov. \$ in millions

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