



SENATE FISCAL OFFICE  
ISSUE BRIEF

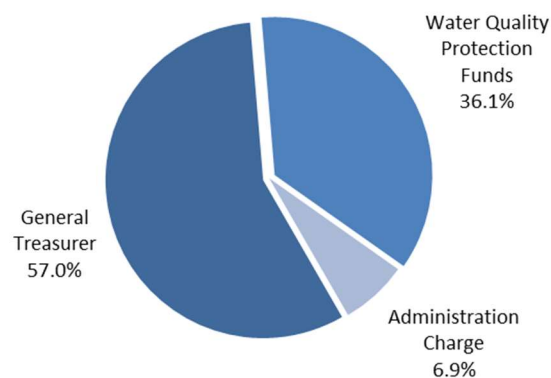
## Water Protection Surcharge

MARCH 12, 2018

RIGL 46-15.3-5 imposes a water quality protection charge on the sales of every supplier of public drinking water. Of the total amount collected 57.0 percent is remitted to the General Treasurer, 36.1 percent is remitted to the Rhode Island Infrastructure Bank (prior to the dissolution of the Water Resources Board Corporate (WRBC), these funds had been remitted to the WRBC to pay outstanding WRBC bonds) or the Providence Water Supply Board for purchased from Providence, and 6.9 percent is retained by the supplier as an administration charge. The Providence Water Supply Board retains the 36.1 percent in addition to the 6.9 percent administration charge.

**General Treasurer:** The revenue remitted to General Treasurer is deposited as general revenue to the Water Resources Operating Fund and, pursuant to RIGL 46-15.3-10(2), shall be used for the administration and support of the Water Resources Board (WRB). This fund collects about \$4.0 million annually and in FY2017 the operating budget for the Water Resources Board totals \$425,075 in general revenue. Any general revenue not expended on the administration of the WRB is used for other state expenses.

Water Protection Surcharge Distribution



In Article 3 of the FY2019 Budget, the Governor recommends the transfer of the Water Resources Board functions and FTE positions from the Division of Planning to the Division of Public Utilities and Carriers (DPUC). In addition, the Governor transfers the responsibilities of administering the Big River Management Area from the Water Resources Board to the Department of Administration. The article also shifts the funding source for the Water Resources Board from general revenue to restricted receipts generated through the (DPUC).

**Water Quality Protection Funds:** RIGL 46-15.3-10 establishes two water quality protection funds to be administered by either the Rhode Island Infrastructure Bank (prior to the dissolution of the Water Resources Board Corporate (WRBC)) or the Providence Water Supply Board. These funds collect 36.1 percent of the total surcharge. For water purchased through the Providence Water Supply Board, the 36.1 percent is remitted to Providence. The fund administered by the Infrastructure Bank collects about \$950,000 annually. The Infrastructure Bank began receiving funds in April 2015. Previously, the funds had been remitted to the WRBC to pay outstanding WRBC bonds. A program to use or distribute the funds collected by RIIB has not been created at this time. Between March 2015 and March 8, 2018, the fund has received \$2.7 million.

Pursuant to statute, the funds collected by RIIB and Providence are limited in use and distribution. The funds must be disbursed on a proportionate amount based on each supplier's water distribution, averaged over a three year period; consequently, each supplier essentially receives what they contributed. Of the funds received by each supplier, 55.0 percent must be used for land acquisition or physical improvement to protect the quality of the drinking water. The remaining funds may be used for interests in watershed lands,

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including improvements to the land and the maintenance of roads. The funds may not be used to extend service lines or expand system capacity.

In the FY2018 Revised budget recommendation, the Governor transfers \$1.1 million in residual revenue from the former Water Resources Board Corporate to general revenue.

**Administration Charge:** Of the charges collected, 6.9 percent is retained by the supplier as an administrative charge for any purpose relating to the operation of the supplier.