

Governor's FY 2016 Budget: Articles

Staff Presentation to the House Finance
Committee
June 2, 2015

Introduction

- Governor announced new proposal last week designed to address the longer term state infrastructure needs through major long term investment
 - \$300 million for statewide bridge repairs
 - \$400 million for 6/10 project
- Proposal since modified somewhat to mitigate impact on local business

Key Findings

- Legislation identifies key findings:
 - 764 bridges greater than 20 feet in RI
 - 23% or 177 are classified as structurally deficient
 - Federal Highway Administration's 2015 National Bridge Inventory Data
 - 1 fully-loaded 5-axle tractor trailer has same impact on interstate as 9,600 cars
 - According to US General Accounting Office

Key Findings

- RI depends on 3 primary sources for funding all construction, maintenance, and operations
 - Federal funds, state bond funds, motor fuel taxes
- There is insufficient revenue available from existing sources to fund maintenance and improvement of RI transportation infrastructure

Key Findings

- Still funding gap between revenue needed to maintain all bridges in structurally sound & good condition & annual amounts generated by current dedicated revenue sources
 - 2011 Assembly created Highway Maintenance Account (HMA) from increase in license & registration fees & RICAP beginning FY 2014
 - 2014 Assembly provided additional revenue to HMA

Proposed Article

- **Authorizes collection of user fees/tolls on large commercial trucks**
- Authorizes bonds to finance the work
- Reorganizes DOT structure

Article: User Fees/Tolls

- Federal law allows tolls for *“reconstruction or replacement of a toll-free bridge or tunnel and conversion of the bridge or tunnel to a toll facility”*
- Bridges are broadly defined
 - Include spans of 20 ft. or more

Article: User Fees Tolls

- Article authorizes collection of user fees/tolls on large commercial trucks
 - Limited to Class 8 and above
 - Expressly prohibits tolls on smaller vehicles
 - Smallest is a single trailer with 3 or 4 axels
 - Prior version included 2 smaller classes

FHWA Vehicle Classifications

Class	Description
1-2	Motorcycles (1); Passenger Cars (2)
3-4	Pickups, Panels, Vans (3); Buses (4)
5-6	Single Unit Trucks – two axels (5);three axels(6)
7	Single Unit Trucks – four or more axles
8	Single Trailer - three or four axles
9 -10	Single Trailer - five axles (10) six or more (11)
11	Multi Trailer - five or fewer axels
12-13	Multi Trailer - six axels (12); seven + (13)

Article: User Fees Tolls

- Authorizes tolls to be pledged to repay bonds issued or other related expenses
- Authorizes DOT director to designate toll bridges
- DOT authority to set and adjust tolls based on cost of replacement and operation

Article: User Fees Tolls

- Limits use of revenues to costs associated with the stated purposes
- Provided for procurement of toll facilities
- Establishes authority for penalty for non-payment of toll
- Establishes \$3,000 fine for toll evasion

Example Routes

Enter RI	Exit RI	Distance	Max. Fee*	Cost per Mile
I-95 (CT)	I-95 (MA)	43 miles	\$49.50	\$1.15
I-91 (CT)	I-295 (MA)	51 miles	\$49.50	\$0.96
I-195 (MA)	I-95 (CT)	40 miles	\$46.50	\$1.16
I-195 (MA)	I-95 (MA)	11 miles	\$36.00	\$3.27
I-195 (MA)	Route 6 (CT)	27 miles	\$35.50	\$1.35
I-195 (MA)	Route 146 (MA)	22 miles	\$49.50	\$2.25
Route 6 (CT)	I-295 (MA)	29 miles	\$20.00	\$0.69

*expected but not limited in article

Proposed Article

- Authorizes collection of uses fees/tolls on large commercial trucks
- **Authorizes bonds to finance the work**
- Reorganizes DOT structure

Debt Authorization

- Authorizes total of \$900 million
 - \$700 million for project costs
 - Up to \$200 million for debt service, reserve, capitalized interest and costs of issuance
- Debt to be issued by RI Turnpike and Bridge Authority

Debt Authorization

- Debt service estimate not identified
 - Affected by timing and structure of issuance
 - Could be \$70-\$90 million annually depending on rate and term
 - Tolls expected to generate ~\$100 million
- Similar resolutions typically include detail or limits

GARVEE

- Financing mechanism
 - Borrow against future revenues from gas tax and federal transportation funds
 - Dedicated 2 cents of gas tax for GARVEE debt service
 - 2003 Assembly authorized \$660.7 million for 5 major projects
 - I-195 relocation, Sakonnet River Bridge, Washington Bridge, Freight Rail Improvement, and Route 403

Transportation Debt Service

- General Obligation Bond Debt Service
 - FY 2015 - \$46.2 million
 - FY 2016 - \$46.0 million
- GARVEE Bond Debt Service
 - ~ \$50 million per year from federal funds
 - Two cents of DOT's share of gasoline tax
 - FY 2015 - \$8.6 million
 - FY 2016 - \$8.5 million

Proposed Article

- Authorizes collection of uses fees/tolls on large commercial trucks
- Authorizes bonds to finance the work
- **Reorganizes DOT structure**

Article: Organization of DOT

- Repeals current department divisions
 - Administration
 - business management office, legal counsel, public information office, audit office, property management office
 - Planning
 - Public works
 - Maintenance
 - Airports

Article: Organization of DOT

- Requires DOT to be organized in accordance with a project management-based program & utilize an asset management system
 - Manages delivery of projects from conception to completion
- Director appoints COO to oversee daily operations
 - Repeals requirement for a deputy director who shall be a highway engineer

Article: Organization of DOT

- Requires divisions of:
 - Finance
 - Planning
 - Project Management
 - Operations and Maintenance
 - Civil Rights

Article: Organization of DOT

- Requires offices of:
 - Safety
 - External Affairs
 - Legal
 - Personnel
 - Information Services
- Other Divisions or subdivisions as Director deems necessary

Other Issues and Information

- Gas Tax
 - Diesel
- Registration fees
- Prior Actions, Reports, Studies

Gasoline Tax

- Gasoline tax is assessed at both the federal and state level
- Levied on a per gallon basis
- Yields have decreased in the past decade
 - Economic downturn
 - High unemployment
 - Lower consumption

Gasoline Tax

- Gasoline Tax – FY 2016
 - Derived from 34.0 cents per gallon
 - 1 cent increase from FY 2015
 - \$143.2 million
 - Deposited into Intermodal Surface Transportation Fund
 - Distribution to transportation entities contained in statute

Gasoline Tax – Diesel

Fiscal Year	Gas Tax per Gallon	Diesel Collections	Diesel Gallons	Per Penny Yield
2014	\$0.32	\$20,564,687	64,264,647	\$642,646
2013	\$0.32	\$18,600,252	58,125,788	\$581,258
2012	\$0.32	\$18,308,055	57,212,672	\$572,127
2011	\$0.32	\$19,572,914	61,165,356	\$611,654
2010*	\$0.32	\$18,298,527	57,182,897	\$571,829
2009	\$0.30	\$18,105,297	60,350,990	\$603,610

**Tax increased from \$0.30/gallon to \$0.32/gallon*

Regional Gasoline Taxes

State	Gas Tax (Cents)
Connecticut	49.3
<i>Rhode Island</i>	34.0
Vermont	32.2
New England Average	32.0
Maine	31.5
National Average	31.1
Northeast Average	30.9
Massachusetts	26.5
New Hampshire	19.6

Gasoline Tax Proceeds (Cents)

<i>Entity</i>	<i>Share</i>
Department of Transportation	19.25
Public Transit Authority	9.75
Turnpike & Bridge Authority	3.5
Elderly Transportation - DHS	1.0
Environmental Protection Fee	0.5
<i>Total</i>	<i>34.0</i>

Gasoline Tax Proceeds

- Total of \$143.2 million for all of transportation in FY 2016
 - DOT - \$82.3 million
 - RIPTA - \$41.7 million
 - Turnpike & Bridge - \$15.0 million
 - Elderly Transportation - \$4.3 million

Truck Registration

- International Registration Program
- Commercial vehicle registration shared between states if truck is:
 - Over 26,000 lbs gross vehicle weight;
 - 3+ axles, regardless of weight;
 - Power unit & trailer with combined weight over 26,000 lbs; or
 - Truck in declared fleet that operates in two IRP jurisdictions

Truck Registration

- Annual Fee from \$1,044 to \$1,344
 - If a truck is operated in multiple states, owner reports mileage driven in each state
 - Taxes paid proportionately based on the mileage driven
 - Owner pays taxes in one state – “Base”
 - “Base” state apportions fees to other states
- Class 8 and above appear to account for \$2.9 million in annual revenue

Blue Ribbon Panel - 2008

- Panel recommended a “cafeteria” style list of options to address need
 - *Tolling Interstate 95*
 - Transferring the ownership of state maintained bridges to the RITBA
 - Establishing surcharges for transportation related DMV fees
 - Increasing the gasoline tax
 - Redirecting current revenue streams

2013 Bridge Commission Considerations

- Fair and equitable
- Implementable
- Diversified
- Dedicated
- Efficient in the cost of collections
- Sustainable
- Indexed to inflation
- "user pays, user benefits"
- Easy to understand & market to the public
- Supportive of preserving the existing transportation system
- Supportive of economic development
- Measurable and transparent

2014 Assembly Changes

- Article 21 2014-H 7133
 - Transfers new revenue sources
 - DMV fees deposited as general revenues
 - Into the Highway Maintenance account for DOT operations

2014 Assembly Changes

- Inspection fee from \$39 to \$55
- \$25 surcharge for good driving dismissal
 - Provided to DOT in FY 2015
- Established schedule to transfer transportation related fees from DMV to DOT
 - Deposited as general revenues
 - Worth \$52.8 million

2014 Assembly Changes

- Indexes gasoline tax
 - Consumer Price Index
 - Every other year Rounded to the nearest cent
- Transferred 3.5 cents of gasoline tax to the Turnpike and Bridge Authority
 - Used in lieu of tolls
 - For operations and maintenance of the bridges under the Authority's purview

2014 Assembly Changes

- Transferred 5.0 percent of funding from Highway Maintenance Account to RIPTA
- Support operations beginning in FY 2016
- Initially projected to be approximately \$2.7 million
- Grow with increasing amounts of revenue in fund

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