

House Resolutions 2019-H 5883 and 5908

Staff Presentation to the House Finance
Committee
April 25, 2019

Introduction

	Amount	Annual Debt	Payback Source	Terms
DOT	\$200.0	\$16.9	Federal funds	15 yrs., not to exceed \$275.0 million
RITBA	50.0	3.6	RITBA revenues	30 yrs., 6%, not to exceed \$109.3 million
Total	\$250.0	\$20.5		

\$ in millions

Debt Management Act Joint Resolution

- Enacted in 1994
- Subsequently amended to increase Assembly's approval role
- Ensures that debt with a state tie was not issued without legislative review
- Result of Commission chaired by Rep. Linda Kushner

Debt Management Act Joint Resolution

- Public Debt Management Act
- Certain quasi-public agencies are exempt:
 - Infrastructure Bank
 - Rhode Island Housing & Mortgage Finance Corporation
 - Rhode Island Health & Educational Building Corporation

2019-H 5883 – DOT

- Interstate 95 North Viaduct
 - Constructed in 1964
 - 3rd most traveled interstate in New England
 - Designed to carry 57,000 vehicles daily
 - Currently carries 220,000 vehicles daily
 - Surpassed its design life
 - Showing signs of deterioration
- Southbound Viaduct
 - Reconstruction started in June 2013 and completed in July 2017

2019-H 5883 – DOT

- Interstate 95 North Viaduct
 - Rebuilding interchange and replacing 4 of 5 bridges
 - Structurally deficient
 - Impacting infrastructure beneath
 - Woonasquatucket River, Amtrak lines and city roads
- Approved Transportation Improvement Program (TIP) includes \$120 million from federal funds

2019-H 5883 – DOT

- Estimated project cost \$250 million
 - Updated in September 2017
 - DOT applied for 2 fed. grants; both denied
 - 3rd fed. grant application for \$75 million
 - Decision in fall 2019?
- Capital request submitted in July 2018
 - \$130 million from RICAP for difference
- Governor's plan includes only \$120 million
 - DOT says \$120 million does not allow for redesign to improve traffic flow

2019-H 5883 – DOT

- Joint resolution pursuant to Public Debt Management Act
 - Authorizing issuance of \$200 million through Grant Anticipation Revenue Vehicle (GARVEE) to fund Route 95 North Viaduct
 - Backed by federal funds
 - Annual debt service would be \$16.9 million
 - Value roughly equal to expected federal funds not previously planned for
 - Not to exceed 15 years

2019-H 5883 – DOT

- Financing mechanism
 - GARVEE program approved by Congress
 - Allows states to borrow funds backed and repaid by the annual allocation of Federal Highway Administration construction funds
- State issued GARVEE twice before
 - 2003 – \$710 million for 5 major projects
 - 2016 – \$300 million for bridge replacement
 - Refinance balance of 2003 issuance

DOT – Current Debt Payments

FY	2003 & 2016 GARVEE	Gas Tax	Total
2020	\$57.5	\$43.6	\$101.2
2021	\$57.5	\$50.8	\$108.3
2022	\$57.5	\$46.7	\$104.3
2023	\$57.5	\$45.9	\$103.4
2024	\$57.5	\$41.3	\$98.8
2025	\$42.5	\$37.7	\$80.2
2026	\$42.5	\$37.0	\$79.5
2027	\$42.5	\$33.7	\$76.2

FY	2003 & 2016 GARVEE	Gas Tax	Total
2028	\$42.5	\$22.8	\$65.3
2029	\$42.5	\$16.4	\$58.9
2030	\$42.5	\$16.4	\$58.9
2031	\$42.5	\$6.9	\$49.4
2032		\$6.9	\$6.9
2033		\$3.1	\$3.1
2034		\$1.6	\$1.6

\$ in millions

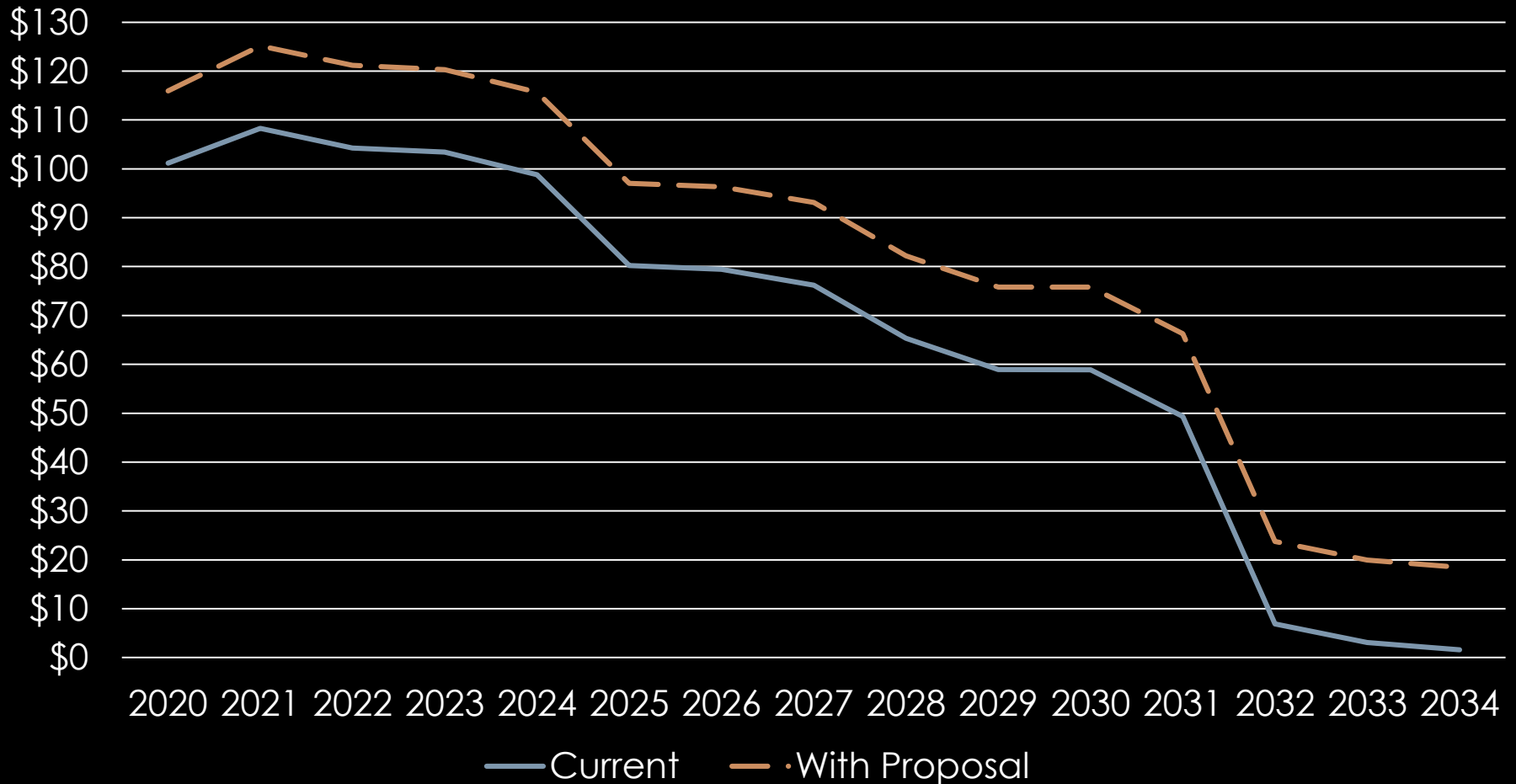
DOT – Projected Debt Payments

FY	Current	New	Total
2020	\$101.2	\$14.8	\$115.9
2021	\$108.3	\$16.9	\$125.2
2022	\$104.3	\$16.9	\$121.2
2023	\$103.4	\$16.9	\$120.3
2024	\$98.8	\$16.9	\$115.7
2025	\$80.2	\$16.9	\$97.1
2026	\$79.5	\$16.9	\$96.3
2027	\$76.2	\$16.9	\$93.1

FY	Current	New	Total
2028	\$65.3	\$16.9	\$82.2
2029	\$58.9	\$16.9	\$75.8
2030	\$58.9	\$16.9	\$75.8
2031	\$49.4	\$16.9	\$66.2
2032	\$6.9	\$16.9	\$23.7
2033	\$3.1	\$16.9	\$19.9
2034	\$1.6	\$16.9	\$18.5

\$ in millions

Current and Projected Debt



2019-H 5903 – RITBA

- Authorization to issue \$50 million in revenue bonds
 - Secured by tolls, gasoline tax, and other revenues
 - Annual debt service is \$3.6 million for 30 years
- Finance renovations and repairs of bridges under its purview

2019-H 5903 – RITBA

RI Turnpike & Bridge Authority

- Created by 1954 Assembly
 - Powers to construct, acquire, maintain, and operate bridge projects defined by law
 - Operates and maintains
 - Mount Hope
 - Jamestown Verrazzano
 - Newport Pell
 - Sakonnet River Bridge

2019-H 5903 – RITBA

RI Turnpike and Bridge Authority

- Directed by a 5-member board of directors
 - Governor appoints 4 of 5 members
 - Director of Department of Transportation

2019-H 5903 – RITBA

2014 Assembly Change

- Transferred 3.5 cents of gasoline tax to the RI Turnpike and Bridge Authority
 - Used in lieu of Sakonnet Bridge tolls
 - For operations and maintenance of the bridges under the Authority's purview
 - No state support prior to this
- Primary source of revenue is tolls on Newport Bridge

2019-H 5903 – RITBA

- Receipts from 3.5 cents share of gasoline tax

Fiscal Year	Amount
2020 Gov. Rec.	\$15,890,235
2019 Revised*	\$16,699,593
2018	\$15,726,416
2017	\$15,460,948
2016	\$16,677,148
2015	\$15,358,922

**Includes one-time \$0.9 million in receipts not expected to reoccur*

2019-H 5908 – RITBA

Operating Revenues	FY 2020 Rec.	FY 2019 Revised	FY 2018	FY 2017
Toll Revenues	\$19.0	\$19.0	\$20.5	\$20.7
Gas Tax	15.5	16.7	15.7	15.5
Transponder	0.4	0.4	0.5	0.6
Other	0.1	0.1	0.1	0.3
Total	\$35.0	\$36.2	\$36.8	\$37.1

\$ in millions

2019-H 5908

Operating Expenses	FY 2020 Rec.	FY 2019 Revised	FY 2018	FY 2017
Salaries & Benefits	\$7.1	\$6.3	\$5.5	\$4.9
Utilities	0.3	0.3	0.2	0.2
Contracted Services	2.4	1.5	1.7	1.8
Supplies	1.7	1.4	2.7	0.9
Insurance	1.2	1.2	1.0	1.2
Repairs & Maintenance	0.5	0.8	0.8	0.5
Bridge Inspections	1.5	1.8	1.0	1.6
Transponder	0.2	0.3	0.2	0.2
Other (incl. depreciation)	14.1	13.6	14.1	13.6
Total	\$19.2	\$27.2	\$27.2	\$24.8

\$ in millions

2019-H 5908 – RITBA

- Currently \$255 million in total outstanding debt from two issuances
 - Issued \$110 million in 2016
 - Not to exceed 30 years, actual term was 25
 - Issued \$49 million in 2010
 - Expected to be refinanced in 2020
- Annual debt service payments of \$11.7 million
- New authorization would increase annual debt payments to \$15.3 million

Project Considerations

- Does the project need to be done?
- Is the project ready to be done?
 - When will it start?
 - Is it well thought through and ready for funding/financing?
 - What will the operating budget impacts be?
 - Maintenance costs, staff savings?
 - When will it be complete?

Funding Considerations

- Should a project be financed or pay-as-you-go?
 - Rhode Island Capital Plan funds available as pay-go for all or part of project
 - More pay-go equals less future debt service

Funding Considerations

- State's overall debt structure
 - Net tax supported debt would decrease by \$231.6 million to \$1,686.2 million
 - Had dropped to \$1.3 billion in FY 2003 after use of tobacco bonds to defease debt
 - Past practice indicates it will be higher as more projects are added

Funding Considerations – Debt Ratios

- Debt as a percent of personal income would decrease from 3.1% in FY 2018 to 2.3% into FY 2024
- Likely to be higher based on projects being added

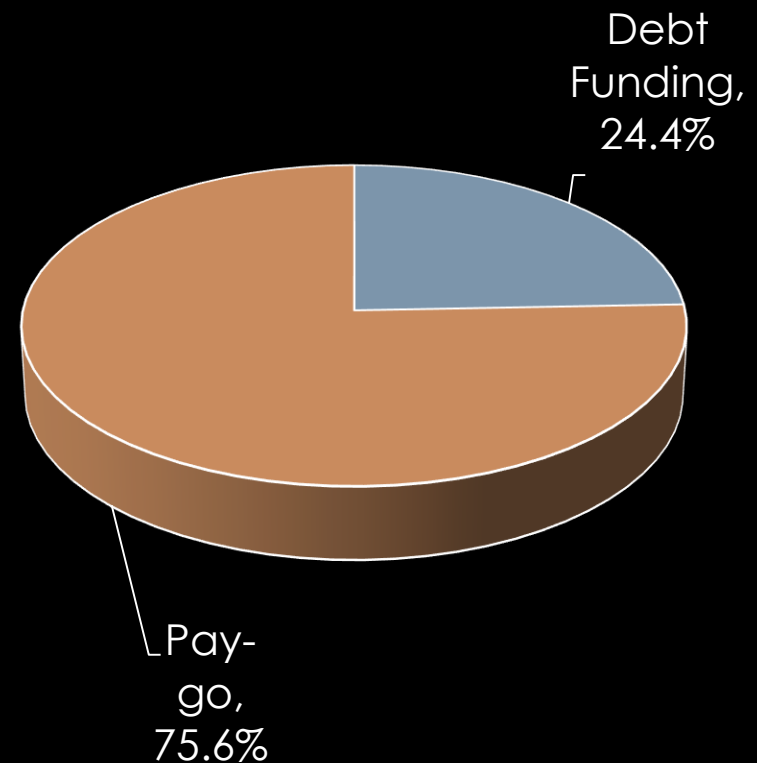
Funding Considerations – Debt Service

Fiscal Year	Net Tax Supported Debt Service*	Pct. of Revenues
2019	\$212.7	5.3%
2020	\$250.7	5.9%
2021	\$270.1	6.3%
2022	\$257.1	5.8%
2023	\$256.4	5.7%
2024	\$262.3	5.7%

\$ in millions

Capital

- FY 2020 – FY 2024
- \$5.3 billion outlays
 - Average \$1,064.2 million per year
 - \$1,297.0 million from financing
 - \$4,024.2 million from current revenue



Assembly Role

- Appropriate Pay-Go
- Approve General Obligation Bond Referenda
 - Voters approve or reject
 - Debt service automatic
- Other Financing (Kushner)
 - Approve or reject resolution
 - Generally appropriate debt service

House Resolutions 2019-H 5883 and 5908

Staff Presentation to the House Finance
Committee
April 25, 2019
