

# Department of Revenue

Staff Presentation

Governor's FY 2021 Recommended Budget

July 23, 2020

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# Summary by Source

	<b>FY 2020 Enacted</b>	<b>FY 2020 Final</b>	<b>FY 2021 Rec.</b>	<b>Chg. to Enacted</b>
General Revenue	\$216.3	211.5	\$229.1	\$12.8
Federal Funds	2.0	2.6	1.6	(0.4)
Restricted Receipts	3.6	3.7	5.6	2.0
Other Funds	421.4	435.6	435.8	14.5
<b>Total</b>	<b>\$643.2</b>	<b>653.4</b>	<b>\$672.1</b>	<b>\$28.9</b>

\$ in millions

# Summary by Program

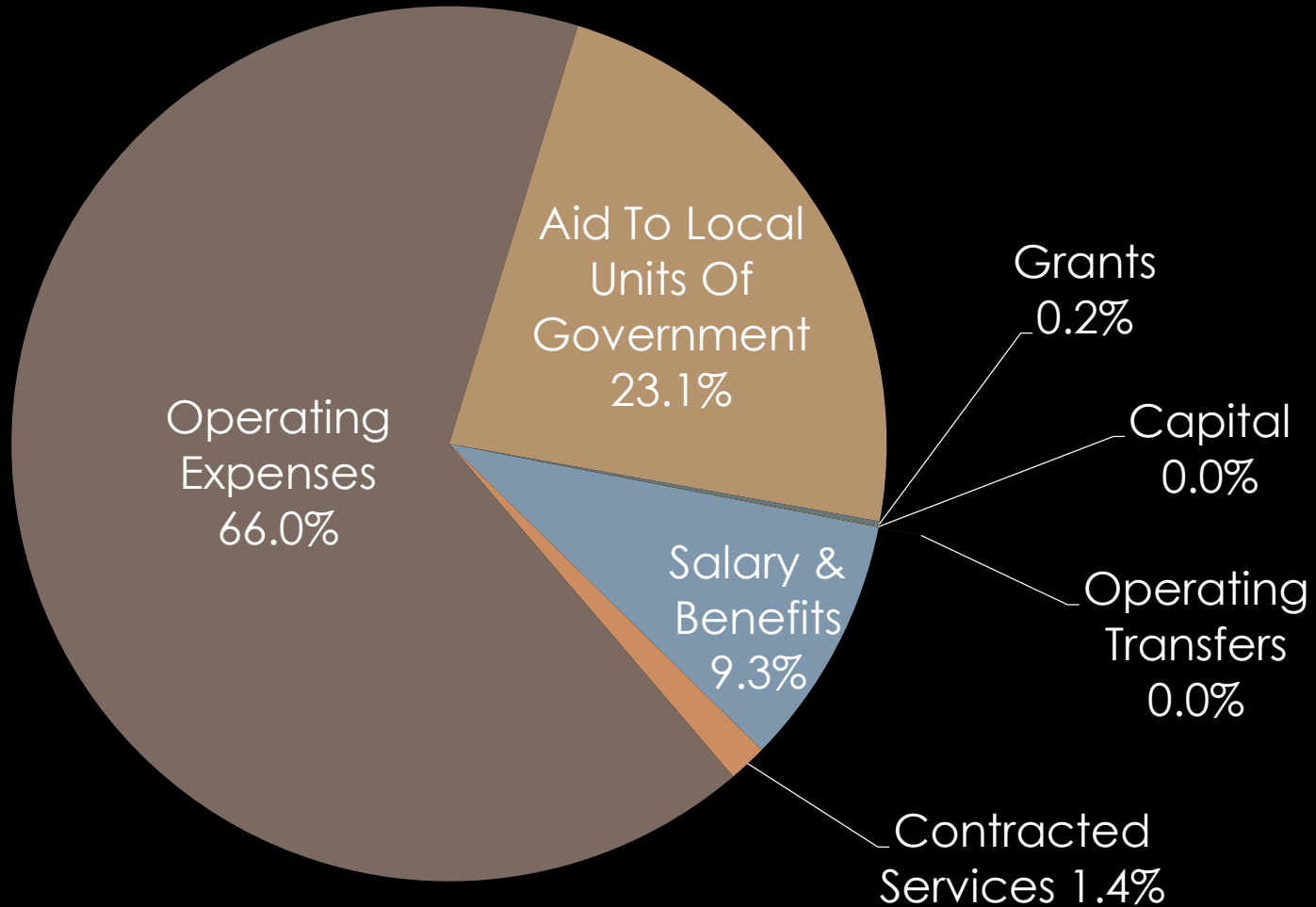
	FY 2020 Enacted	FY 2020 Final	FY 2021 Rec.	Chg. to Enacted
Director's Office	\$2.1	\$1.9	\$2.2	\$0.0
Revenue Analysis	0.8	0.9	0.9	0.1
Lottery	420.1	434.5	434.6	14.4
Municipal Finance	2.5	2.3	2.4	(0.0)
Taxation	31.0	31.5	38.2	7.2
DMV	31.4	31.1	37.8	6.5
State Aid	154.4	150.4	155.1	0.8
Collections Unit	0.9	0.8	0.9	(0.0)
<b>Total</b>	<b>\$643.2</b>	<b>\$653.4</b>	<b>\$672.1</b>	<b>\$28.9</b>

\$ in millions

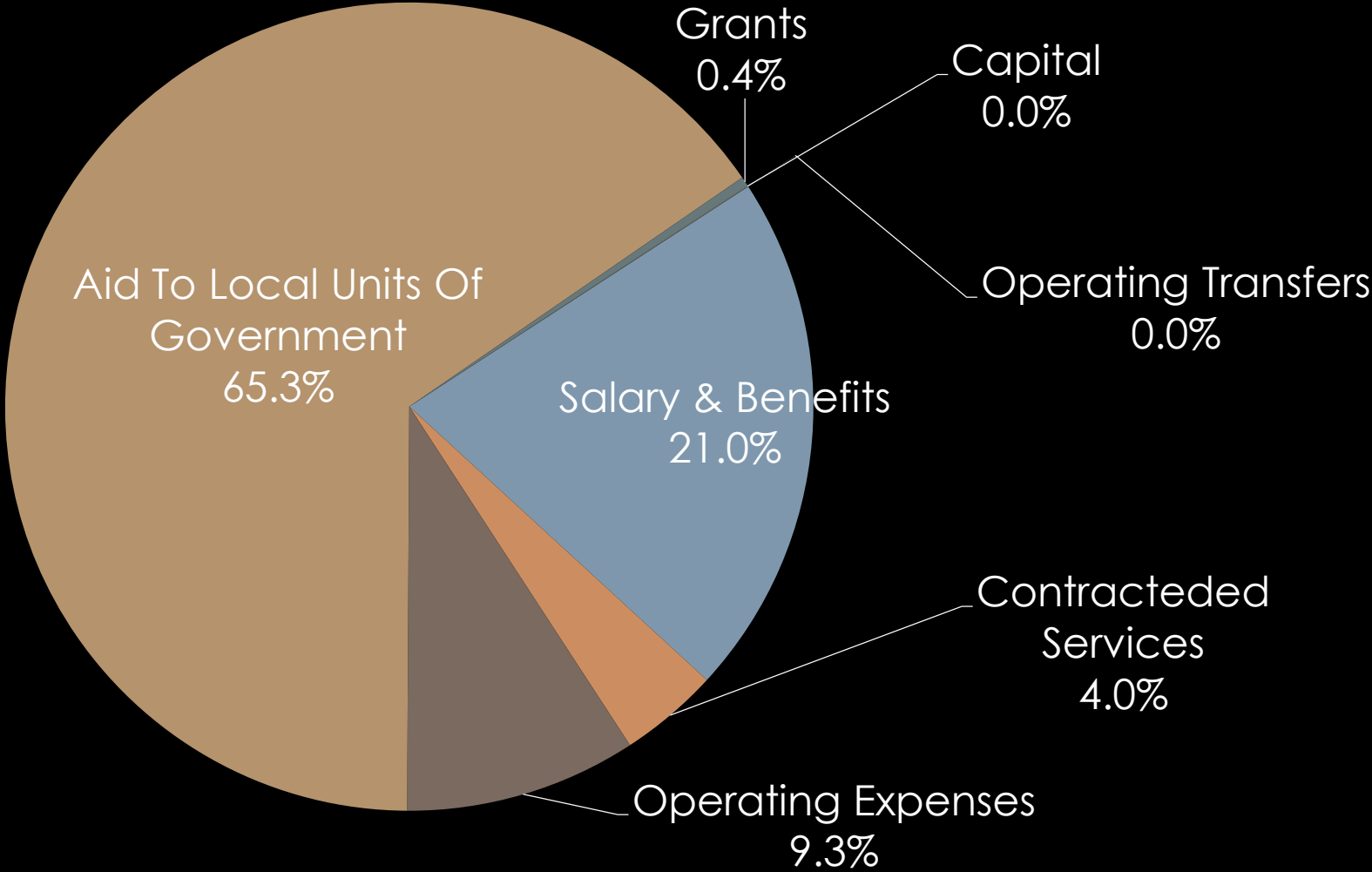
# FY 2021 Recommendation

- FY 2021 Recommendation
  - Staffing Changes
    - Adds 1.0 legal position to Director's Office
    - Adds 3.0 new positions & funding for 5.0 more to Taxation for various initiatives
    - Adds 5.0 positions to DMV for inspection violations & CDL Road Testing
  - Operations
    - Adds technology expenses for Taxation & DMV
    - Adds overtime for DMV to provide Saturday hours
    - Provides funding for license plate reissuance

# FY 2021 Funding by Category



# FY 2021 Funding by Category – Lottery Excluded



# Staffing

## *Full-Time Equivalent Positions*

Full-Time Positions	FTEs	Chg. To Enacted
Enacted Authorized	602.5	-
FY 2020 Final	602.5	-
FY 2021 Request	607.5	5.0
FY 2021 Governor	611.5	9.0
FY 2021 Funded FTE	579.4	(23.1)
Filled as of July 4	547.0	(55.5)
FY 2020 Average Filled	555.4	(47.1)

# Full-time Equivalent Positions

FTE Positions	FY 2020 Final	FY 2021 Rec.	Chg. to Enacted	July 4 Filled
Director	11.0	11.0	-	8.0
Revenue Analysis	6.0	6.0	-	6.0
Lottery	106.0	106.0	-	101.0
Municipal Finance	10.0	10.0	-	9.0
Taxation*	252.0	255.0	3.0	230.0
DMV	209.5	215.5	6.0	186.0
Collections	8.0	8.0	-	7.0
<b>Total</b>	<b>602.5</b>	<b>611.5</b>	<b>9.0</b>	<b>547.0</b>

\* Includes filling 5.0 previously authorized positions



# Salaries and Benefits

Fund Source	FY 2020 Enacted	FY 2021 Final	FY 2021 Rec.	Chg. to Enacted
General Revenue	\$45.5	\$42.8	\$46.1	\$0.6
Federal Funds	1.4	1.7	1.5	0.1
Restricted Receipts	1.0	1.0	1.1	0.2
Other Funds	13.1	13.2	13.6	0.4
<b>Total</b>	<b>\$61.1</b>	<b>\$58.6</b>	<b>\$62.3</b>	<b>\$1.3</b>
FTE	602.5	602.5	611.5	9.0

\$ in millions

# Office of the Director

- Governor adds 1.0 new legal position  
\$0.1 million
  - Legal support for all divisions
    - No change to Office total because one FTE was reallocated to DMV during FY 2020
    - During the FY 2016 - FY 2019 period Department spent \$2.0 million contracting legal services for 8 issues

# Division of Taxation - Sections

<b>Section</b>	<b>Responsibilities</b>	<b>FTE</b>
Tax Administrator	Provides guidance & direction; oversees operations	26.0
Tax Processing	Management & security of all processing operations	31.0
Assessment & Review	Review & audit of tax returns	35.0
Field Audit	Tax audits of accounting & records	71.0
Compliance & Collections	Collection of delinquent taxes & returns	57.0
Employer Tax	Operates the Unemployment & Temporary Disability insurance, & Job Development Funds programs	35.0
<b>Total Recommended FTE</b>		<b>255.0</b>

# Division of Taxation

- FY 2021 – \$35.7 million
  - Staffing \$27.0 million - 255.0 positions
    - 3.0 new FTE plus funding to fill 5 vacancies
      - \$1.0 million more than enacted, \$0.7 million GR
        - 1 FTE for work with HSRI on insurance mandate
        - 2 new and 5 vacancies dedicated to revenue initiatives

# Division of Taxation

- FY 2021 – \$35.7 million
  - Operations \$8.7 million
    - \$5.4 million more than enacted
      - Current service adjustments - \$4.8 million
        - \$3.0 million to restore tax computer system expenses shifted to IT fund in FY 2020 for one-time savings
        - \$1.8 million for contingency contracts based on audit finding – offsetting revenues already adjusted
      - New items
        - \$0.7 million for revenue & compliance initiatives
    - *Art. 8 heard 3/3; Art. 12 heard 3/12*

# Division of Taxation

	Revenue Enhancements				Rite Share
	Federal Offset	Sales Tax Changes	E-Cig	Total	
Data Analyst	1.0	-	-	1.0	-
Tax Investigator	-	-	1.0	1.0	-
Taxpayer Serv. Spec.	-	[1.0]	-	[1.0]	-
Revenue Agent I	-	[2.0]	[1.0]	[3.0]	-
Business Analyst	-	-	-	-	[1.0]
<b>Staffing Subtotal</b>	<b>1.0</b>	<b>[3.0]</b>	<b>1.0/[1.0]</b>	<b>2.0/[4.0]</b>	<b>[1.0]</b>
Staffing expenses	\$(0.1)	\$(0.3)	\$(0.2)	\$(0.6)	\$(0.1)
Operations	-	(0.6)	-	\$(0.6)	(0.1)
Revenues	\$5.0	\$14.1	\$2.0	\$21.1	\$0.2
<b>Net Revenues</b>	<b>\$4.9</b>	<b>\$13.2</b>	<b>\$1.8</b>	<b>\$19.9</b>	<b>\$0.0</b>

\*Brackets reflect positions filled within enacted authorization

# Related Budget Articles

- Article 8
  - Sections 1 & 6 – Alcohol Tax Restructure
  - Sections 2 & 6 – Hotel & Pass-through Taxes
  - Section 3 – Reciprocal Payment Offset
  - Sections 4 & 5 – Sales Tax Expansion
  - New Section – Scholarship Organization Tax Credits
    - GBA requested February 26

# Art. 8, Section 3 - Reciprocal Payment Offset Program

- State currently participates in a voluntary reciprocal offset program for personal income tax
  - For 2019
    - \$2.9 million in offset from state returns to federal government
    - \$1.3 million in payments from federal government



# Art. 8, Section 3 - Reciprocal Payment Offset Program

- Section 3 authorizes tax administrator to expand state's participation to include other taxes & debts
  - Business taxes
- Tax administrator may charge "reasonable" fee per transaction
- Governor's budget includes \$5.0 million
  - No administrative costs as new taxation system allows for data matching for business taxes

# Art. 8, Section 3 - Reciprocal Payment Offset Program

<b>Tax/Revenue Type</b>	<b>FY 2021</b>	<b>FY 2022</b>
Personal Income Tax Withholding	\$0.6	\$0.5
Business Corporation	1.7	1.4
Public Utilities Gross Earnings	0.2	0.2
Insurance Companies Gross Premiums	0.0	0.0
Health Care Provider	0.1	0.0
Sales and Use	2.2	1.7
Cigarette Excise	0.0	0.0
Other Tobacco Products	0.1	0.0
Tobacco Dealer License Fee	0.1	0.0
<b>Total</b>	<b>\$5.0</b>	<b>\$4.0</b>

\$ in millions

# Art. 8, Sections 4 & 6 - Pass-through & Hotel Taxes

- Division of Taxation collects some taxes on behalf of municipalities
  - Tax collection centralized for administrative efficiency
- Public Service Corporation tax allows retention of 0.75% for administration
  - Deposited as general revenues to offset cost of collection
    - Typically less than \$0.1 million

# Art. 8, Sections 4 & 6 - Pass-through & Hotel Taxes

- Governor proposes 2% assessment on local share of taxes that are collected by state
  - Assessment would apply to
    - 1.0% local & 5.0% state hotel taxes
      - No impact to Newport - collects own taxes
    - 1.0% Meals & Beverage
    - Real Estate Conveyance Tax from corporate ownership transfers; no revenues assumed
      - Proposed in Article 12
- Budget assumes state withholds \$0.8 million
  - Annualizes to \$0.9 million

# Art. 8, Sections 4 & 6 - Pass-through & Hotel Taxes

- Governor proposes to increase the state hotel tax from 5% to 6%
  - Changes the distribution to ensure the increase accrues to state general revenues
  - Budget assumes \$4.7 million
  - Same proposal as FY 2020 budget

# Sales Tax

- Article 8 expands the application of the state sales tax to more items & services
  - Budget assumes \$14.1 million of revenues
- The sales tax base has been changed in some way nearly annually
  - Keeping pace with buying habits and technology
  - Other policy choices

# Art. 8, Sections 4 & 5 – Sales & Use Taxes

Item/Service	FY 2021	FY 2022	Effective Date
Computer Systems Design	\$7.9	\$12.4	October 1, 2020
Lobbying	0.7	0.9	
Fishing, Hunting, Shooting Ranges	0.8	1.4	
Couriers & Messengers	4.1	9.7	January 1, 2021
Interior Design	0.6	1.5	
<b>Total</b>	<b>\$14.1</b>	<b>\$25.9</b>	

\$ in millions

# Article 12, Housing

- Governor proposes 2% assessment on local share of taxes collected by state
  - Real Estate Conveyance Tax from corporate ownership transfers; no revenues assumed
    - Other realty transfers collected locally
- Exempts federally-funded affordable housing facility ownership transfers from conveyance tax in general



# Article 12, Housing

- Governor proposes second Real Estate Conveyance Tax tier
  - Doubles tax to \$4.60 per \$500 (0.92%) for value over \$0.5 million
    - Accrues entire \$2.30 increase to restricted Housing Production Fund
    - Expected to generate \$3.6 million in FY 2021 and \$8.0 million annually
    - As drafted effective July – GBA 1 corrects to January 1
  - Applicable to commercial and residential transactions like current tax

# Division of Motor Vehicles

- Branch offices – *Current status*
  - Cranston (Headquarters) – *by reservation*
  - Woonsocket – *by reservation*
  - Middletown – *by reservation*
  - Wakefield (Monday to Thursday) - *Closed*
  - Warren (Tuesday and Wednesday) - *Closed*
  - Westerly (Fridays only) - *Closed*
  - 9 AAA locations – *by reservation*
    - Includes South Attleboro

# Division of Motor Vehicles

- Governor's FY 2021 recommendation
  - \$0.3 million from general revenues for 5.0 new FTE
    - 3.0 new positions to transfer CDL Road Testing from CCRI to DMV – Article 3, *heard 7/21*
    - No offsetting reduction to CCRI FTE count
  - 2.0 new positions for inspection expiration fees
    - Article 6 – Article 6, *heard 2/25*
- \$0.1 million for extended Saturday hours
  - Every other Saturday for full year
    - REAL ID transactions only by reservation

# Division of Motor Vehicles – REAL ID

- Governor assumes decreased volume after Oct. 2020 deadline
  - CARES Act extends deadline to 10/21

	<b>FY 2020 Enacted</b>	<b>FY 2021 Rec.</b>	<b>Change to Enacted</b>
Staffing	\$2.7	\$1.8	\$(0.9)
Security	0.2	0.2	(0.0)
Advertising	0.1	0.2	0.1
Computers & Software	0.0	0.0	-
License Imaging*	0.6	0.2	(0.4)
<b>Total*</b>	<b>\$3.7</b>	<b>\$2.5</b>	<b>\$(1.2)</b>
FTE	40.0	40.0	-

\$ in millions \*data corrected from version posted on 7/23

# Division of Motor Vehicles

- FY 2021 includes \$4.6 million for reissuance
  - Last full reissuance “Wave” plates over 1996 & 1997
  - Reissuance delayed; earliest start Dec. 2020

<b>Assembly</b>	<b>Current Date</b>	<b>New Date</b>
2011	9/2011	9/2013
2013	9/2013	9/2015
2015	9/2015	7/2016
2016	7/2016	4/2017
2017	4/2017	1/2019
2018	1/2019	01/2020
2019	6/2020	-

# Division of Motor Vehicles

- FY 2021 staffing – \$16.3 million for salaries & benefits for 170.5 remaining positions

	<b>General Revenues</b>	<b>Federal Funds</b>	<b>Total</b>
FY 2020 Enacted	\$16.0	\$0.1	\$16.1
FY 2021 Gov. Rec.	16.2	0.1	16.3
<b>Change to Enacted</b>	<b>\$0.2</b>	<b>\$0.0</b>	<b>\$0.3</b>

\$ in millions

- Governor's budget includes \$3.6 million from revenue enhancements

# Art. 6, Section 6 – DMV Late Renewal Fee

- License & registration late renewal fee
  - Oct. 1 2020 start; \$15 renewal after expiration
  - Based on 112,199 late FY 2019 transactions
    - 50,497 licenses
    - 61,702 registrations
  - Intended to enhance compliance
    - Assumes 10% more renew on-time
- Budget assumes \$1.1 million for FY 2021
  - Annualizes to \$1.5 million

# Art. 6, Section 7 – DMV Online Driving Records

- Article increases cost of online certified driving records subscription to \$20
  - Budget assumes \$660,000 annually

Certified Driving Records	Base Fee	Tech. Fee	Vendor Fee	Total
In-person & mail	\$16.00	\$2.50	-	\$18.50
Online/ RI.gov subscription	\$16.00	\$2.50	\$2.00 / \$2.50	\$20.50 / \$21.00
<b>Proposed:</b> Online RI.gov/subscription	\$16.00/ \$20.00	\$2.50	\$2.00 / \$2.50	\$20.50 / \$25.00
Mass. (any)	\$20.00	-	-	\$20.00
Conn.– mail only	\$20.00	-	-	\$20.00



# Art. 6, Sec. 8 – DMV Inspection Related Expiration Fee

- Current law
  - Prohibits operation of unsafe vehicles, sale of uninspected vehicles
  - Requires inspection w/in 2 years or 24,000 miles & no more frequently than annually thereafter
    - Currently biennially by regulation

<b>Inspection Fees</b>	<b>\$55.00</b>
<i>Inspection Station</i>	\$19.00
<i>Highway Maintenance Account</i>	\$35.50
<i>Technology Vendor</i>	\$ 0.50

# Art. 6, Sec.– DMV Inspection Related Expiration Fee

- Governor proposes to reinstate authority to collect fee; proposes \$100
- Budget assumes \$1.8 million of new revenues annually
  - Assumes 18,321 registrations; ~1,527 monthly
    - Also includes implementation costs of \$181,273 for 2.0 FTE & programming
  - Department reports current volume is consistent with actual experience
    - Prior estimate conservative due to uncertainty

# Article 3 - Section 6, CDL Testing Transfer

- Section transfers CDL skills testing from CCRI to DMV
  - To streamline process & improve service
    - DMV employees can confirm all required documentation & process license on-site
      - Failure to provide documents can result in loss of \$100 testing fee & require re-registration at cost
- Governor includes \$0.1 million for 3 FTE
  - Assumes \$0.1 million of receipts
  - Currently collected as restricted receipts
- Effective January 1, 2021

# FY 2021 Governor's Budget Remaining Changes

	FY 2020 Enacted	FY 2021 Rec.	Chg. to Enacted
Director	\$2.1	\$2.1	\$(0.1)
Revenue Analysis	0.8	0.9	0.1
Lottery	420.1	434.6	14.4
Municipal Finance	2.5	2.4	(0.0)
Collections	0.9	0.9	(0.0)
<b>All Funds</b>	<b>\$425.5</b>	<b>\$439.9</b>	<b>\$14.4</b>
<b>General Revenues</b>	<b>\$5.6</b>	<b>\$5.6</b>	<b>\$0.0</b>

\$ in millions

# Lottery Division

	<b>FY 2020 Enacted</b>	<b>FY 2021 Rec.</b>	<b>Chng. to Enacted</b>
Prizes & Payments	\$395.2	\$409.2	\$14.0
Salaries & Benefits	12.1	12.5	0.4
All Other	12.8	12.9	0.0
<b>Total</b>	<b>\$420.1</b>	<b>\$434.6</b>	<b>\$14.4</b>
FTE	106.0	106.0	-

\$ in millions

# Collections Unit

- 2018 Assembly established a collections unit pilot program
  - Collect debts owed to other agencies that meet specific criteria
    - More expansive than tax refund offset program
  - Includes a June 30, 2021 sunset date
    - Article 3 - heard 7/21
- May Revenue Estimating Conference
  - Assumes FY 2021 collections of \$1.0 million
    - Reduced FY 2020 collections from \$500k to \$350k

# Article 3 - Section 8, Collections Unit

- Requires state agencies & related entities to utilize Collections Unit services
  - Phased implementation Oct. 2020 - Feb. 2021
    - Allows Unit to access 15% of these collections to recoup collection costs
      - May be drafted with broader applicability
    - Expands ability to contract legal services & negotiate settlements
- Authorizing statute requires reporting as of September 2020

# State Aid

- Division of Municipal Finance calculates and administers multiple programs
  - Payment in Lieu of Taxes
  - Distressed Communities Relief Fund
  - Property Revaluation Reimbursement
  - Motor Vehicles Excise Tax
- State aid for libraries remains in DOA



# Local Aid Programs

Program	FY 2020 Enacted	FY 2020 Final	FY 2021 Rec.	Current Law/Full Funding	Change
PILOT	\$46.1	\$46.1	\$46.1	\$47.6	(\$1.5)
MV Excise Phase-Out	94.3	90.3	100.7	112.6	(11.8)
Distressed Communities	12.4	12.4	6.2	12.4	(6.2)
Prop. Revaluation	0.7	0.7	1.1	1.1	-
<b>Total</b>	<b>\$153.4</b>	<b>\$149.5</b>	<b>\$154.1</b>	<b>\$173.7</b>	<b>(\$19.5)</b>

\$ in millions

# Distressed Communities Relief Fund

- Distressed Communities
  - Aid to locals with highest property tax burdens with respect to wealth
    - Lowest 20% of eight categories
  - \$6.2 million
  - Half the enacted
  - Redistribution based on data
- 7 recipients
  - Central Falls
  - North Providence
  - Pawtucket
  - Providence
  - West Warwick
  - Woonsocket
  - Cranston

# Property Revaluation Reimbursements

- Municipalities update property valuations every third and sixth year after a full revaluation
- Governor recommends \$1.1 million
- Expenditures fluctuate annually
  - Depends on communities conducting updates

# Article 9 – Local Aid

- Summary
  - Allows municipalities to tax a portion of nonprofit properties currently exempt
  - New Tangible Tax Reimbursement program
    - Reimbursement for lost revenues, similar to motor vehicle tax phase-out
  - Delays motor vehicle tax phase-out elimination
  - *Article 9 – heard 2/6*

# Article 9 – Local Aid

- Article 9 removes the tax exempt status from portions of properties of nonprofit higher education & hospitals
  - Those portions that are not used exclusively for educational or hospital activities
    - Removes exemption for all vacant lots, regardless of improvements
  - In some cases communities may see new tax revenues

# Payment in Lieu of Taxes (PILOT)

- Governor recommends the enacted level of \$46.1 million for FY 2021
  - \$1.5 million less than full funding = 26.1%
  - FY 2020 payment = 26.6%
- Removal of tax exempt status for these properties will affect future aid payments

# Article 9 – Tangible Tax Reimbursement

- Enables local establishment of uniform minimum filing thresholds
- Creates reimbursement process for lost tax revenues from lower rates
  - Competitive process
    - Administered by DOR w/ Commerce Corp.
      - Capped \$2.5 million in FY 2022; \$5.0 million annually
      - Funding limited to 5 consecutive years
  - FY 2021 includes \$85k in Commerce for a study

# Article 9 – Tangible Tax Reimbursement

- Tiered reimbursement possible for rates over 2.15%
  - Reimbursements higher for larger rate reductions
    - Decline as rate levels go down
  - Reimbursed based on how much collections (levy) decrease
    - Year prior to application set as base rate
- 18 communities with rates < 2.15%



# Article 9 – Tangible Tax Reimbursement

- Only 7 communities would be eligible for higher level reimbursements
  - Central Falls – 7.3%
  - North Providence – 6.9%

	<b>Tier 1 – 10%</b>	<b>Tier 2 – 25%</b>	<b>Tier 3 – 50%</b>
Current Eligible	14	5	2
Tax Rate Range	2.15% - <5.0%	5.00% - <6.49%	6.50%+
Average	4.3%	6.1%	7.1%
Median	4.1%	6.0%	7.1%
Maximum	7.3%	7.3%	7.3%
Minimum	2.2%	5.2%	6.9%

# Motor Vehicle Excise – History

- General Laws authorize municipalities to administer and collect an excise tax on motor vehicles
- A phase-out plan was adopted in 1998 to begin with FY 2000 tax bills
  - Altered numerous times then frozen in 2002
  - Exemptions grew in 2005 and 2006 to \$6,000 using new lottery revenue
  - Rolled back in 2010 Session to \$500 including immediate reduction in aid

# Motor Vehicle Excise - History

- 2017 Assembly restarted the phase-out
- Over time the phase-out
  - Reduces the tax rate levied
  - Reduces the percentage of value assessed
  - Increases the minimum exemption
  - Tax collections phased-out in FY 2024
    - Cars older than 15 years exempt since FY 2018

# Article 9 – Motor Vehicle Excise Tax Phase-Out

Fiscal Year	Current Law		
	% of Retail Value	Rate cap / \$1,000	Exempt. Floor
2017	100	\$ -	\$ 500
2018	95	\$60	\$1,000
2019	90	\$50	\$2,000
2020*	85	\$35	\$3,000
2021	80	\$35	\$4,000
2022	75	\$30	\$5,000
2023	70	\$20	\$6,000
<b>2024</b>	<b>No Tax Levied</b>		

\* Actual reimbursements \$4.0 million less than enacted w/ no methodology change

# Article 9 – Motor Vehicle Excise Tax Phase-Out

- Article 9 proposes to delay the elimination of the tax by 5 years
  - Cost/tax relief shifted to later years
  - Changes also proposed last year
- FY 2021 Recommendation
  - \$100.7 million
    - \$11.8 million less than the current law
- FY 2020 revised funding \$90.3 million
  - \$4.0 million less based on updated data

# Article 9 – Motor Vehicle Excise Tax Phase-Out

Fiscal Year	2020-H 7171 / Change to Current Law					
	% of Retail Value		Rate cap/\$1,000		Exempt. Floor	
<b>2020</b>	<b>85</b>	<b>-</b>	<b>\$35</b>	<b>-</b>	<b>\$3,000</b>	<b>\$ -</b>
2021	82.5	2.5	\$35	-	\$3,800	(\$200)
2022	80	5.0	\$33	\$ 3	\$4,000	(\$1,000)
2023	77.5	7.5	\$25	\$11	\$4,500	(\$1,500)
2024	75.0	75.0	\$27	\$27	\$5,000	\$5,000
2025	72.5	72.5	\$23	\$23	\$5,500	\$5,500
2026	70.0	70.0	\$19	\$19	\$6,000	\$6,000
2027	67.5	67.5	\$15	\$15	\$7,000	\$7,000
2028	65.0	65.0	\$10	\$10	\$7,500	\$7,500
<b>2029</b>	<b>No Tax Levied</b>					

# Article 9 – Motor Vehicle Excise Tax Phase-Out

Fiscal Year	Current Law	Proposed	Variance
2020	\$ 90.3	\$ 90.3	\$ -
2021	\$112.6	\$100.7	(\$11.8)
2022	\$140.4	\$112.6	(\$27.7)
2023	\$175.3	\$124.4	(\$50.8)
2024	\$234.6	\$141.4	(\$93.1)
2025	\$241.6	\$157.1	(\$84.5)
2026	\$247.1	\$171.6	(\$75.6)
2027	\$252.7	\$190.5	(\$62.2)
2028	\$258.3	\$209.0	(\$49.4)

# Article 3, Sec. 9 – State Aid

- Adds more options for the state to withhold funds from municipalities that owe state agencies or entities
  - Current options not large enough or do not capture all municipalities
  - Exeter does not reimburse State Police for services provided
    - FY 2021 assumes Exeter reimburses \$0.4 million
- Shortens the delinquency period from 180 days after invoicing to 90 days



# Article 3, Sec. 9 – State Aid

- Current law allows withholding from certain direct aid programs
  - Distressed and PILOT
  - Other unfunded programs
- Article adds items “passed through”
  - Public Service Corporation Tax - \$13.3 million
  - 1% Meals and Beverage - \$30.8 million
  - Local Share of Hotel Taxes – \$11.2 million
    - Exeter’s share estimated at \$0.2 million

# Reporting Requirements - Status

## Tax incentive Evaluation Reports

Investment Credits; Biotech Investment Credits; Specialized Investment Credits; - June 29, 2018 – 1 year late  
R&D Deduction; R&D Property Credits; R&D Expense Credits; Small Business Wage Credit - June 29, 2018 – 1 yr late

Job Training Credits – June 5, 2018 – 1 year late  
Artist Modification Reducing AGI – July 26, 2018 – 1 year late

Welfare Bonus Program; Innovation and Growth Incentives; Small Business Investment Deduction; Jobs Growth Act – Analysis not possible due to lack of usage

Musical and Theatrical Productions – Not required, completed at ORA's discretion

Anchor institution; Qualified Jobs; Rebuild RI tax credit & sales tax exemption; Wavemaker - June 2020; *Wavemaker on-time*

# Department of Revenue

Staff Presentation

Governor's FY 2021 Recommended Budget

July 23, 2020

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