

# Governor's FY 2021 Budget: Articles

Staff Presentation to the House Finance  
Committee  
February 25, 2020

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# Introduction – Article 6 (excl. Section 9)

- Department of Health
  - Requests for Public Health Data Fees
  - EMS Fee Exemption Removal
- Department of Labor and Training
  - Employee Misclassification
  - Prevailing Wage
- Fire Marshal Plan
  - Plan Review Fees
  - Explosives Permit Fees

# Introduction – Article 6 (excl. Section 9)

- Division of Motor Vehicle Fees
  - Late Renewals
  - Certified Driving Records
  - Inspection Violation Reinstatements
- Public Utilities Commission
  - Utility Service Restoration Act
  - Public Utilities Penalties
- Division of Sheriffs Application Fee

# Introduction – Article 6

Sec.	Title	FY 2021 Rev. Impact
1	Requests for Public Health Data	\$438,900
2	EMS Fees Exemption Removal	333,600
3, 10 & 11	DLT Fees and Fines	4,245,742
4	Fire Marshal Plan Review Fees	554,802
6	License & Registration Late Fees	1,136,025
7	Online Driving Records Request	660,000
8	Inspection Violations	1,832,100
9	Substance Abuse Education Fee*	220,016
14	Sheriffs Application Fee	13,000
<b>Total</b>		<b>\$9,434,185</b>

*\*Not covered on tonight's agenda*

# Sec. 1 – Requests for Public Health Data Fees

- Authorizes DOH director to charge fees for processing special data requests
  - Used to monitor health status and trends
  - 15 hours or more to analyze
- Fees established through rules & regs.
  - Exempts
    - Students
    - RI state agencies
  - Gives Director discretion to waive fees for other individuals or groups

# Section 1 – Requests for Public Health Data Fees

- Department does not charge a fee
  - Except for hospital discharge data
    - Charges \$100 for each yr. of data requested
- Receives approx. 700 requests annually
  - Costs \$200K to provide requested data
- Budget assumes revenues of \$439K
- Legislation requires “approximately 50% of revenues be appropriated”
  - Manage and maintain data systems

# Section 2 – EMS Fees

## Exemption Removal

- EMS license fees set through rules & regs.
  - \$80 biennially for paramedics
  - \$120 every 3 years for emergency medical technicians
- Law exempts
  - Municipal employees
  - Volunteer or non-profit organizations
- Section 2 removes exemption
  - All would now have to pay fees

# Section 2 – EMS Fees Exemption Removal

- Current collections:
  - \$123,520 in FY 2019
  - \$140,513 in FY 2018
  - \$99,311 in FY 2017
- Budget assumes \$334K in revenues; impact in FY 2022 is \$23,120
  - Cyclical because of 2 and 3 year renewals
  - Approximately 3,000 people



# Sections 3, 10 & 11 – DLT Fees & Fines

- Workplace Fraud Task Force
  - Created by 2014 Assembly to combat underground economy & prevent misclassification of employees
    - Representatives of DLT, Taxation, DBR, AG, State Police & Workers' Compensation Court
    - Educates business owners & employees
    - Conducts joint investigations
    - Protects workers' rights
    - Maintains competitive equality for businesses

# Sections 3, 10 & 11 – DLT Fees & Fines

- Employee Misclassification
  - Employer classifying actual employees as independent contractors
    - Affects state and federal taxes, workers' comp.
  - Section 3 increases first offense penalty assessed per misclassification
    - Currently: between \$1,500 to \$3,000
    - Proposed: between \$3,000 and \$4,000
  - Last increased as part of FY 2018 Budget
    - DLT notes violations still occurring
    - Increases further disincentivize non-compliance

# Sections 3, 10 & 11 – DLT Fees & Fines

- Prevailing Wage Background
  - Prevailing rate of pay for wages to trade workers of public works projects when state or municipal funds used in excess of \$1,000
    - Paid by contractor/subcontractor to its employees
    - Determined by U.S. Department of Labor
  - Contractors & subcontractors compile certified weekly payroll records
    - Provided to DLT within 10 days of request by DLT
  - Hearings determine violations

# Sections 3, 10 & 11 – DLT Fees & Fines

- Prevailing Wage
  - Article extends timelines from 10 to 30 days
    - To hold a hearing
    - Render a decision
  - Section 11 increases minimum civil penalties
    - Currently: an amount up to 3 times amount due
    - Proposed: between 2 and 3 times amount due
  - Section 10 requires same penalty from settlement agreements
    - Employers may seek settlement in lieu of hearing

# Sections 3, 10 & 11 – DLT Fees & Fines

- Settlements
  - Misclassification - employers settle to be assessed minimum violation rather than risk paying more
  - Prevailing wage – violations determined through hearing bars offender from bidding on public works projects for 18-36 months, no barring from settlement

# Sections 3, 10 & 11 – DLT Fees & Fines

- Workplace Fraud Unit
  - Responsibilities:
    - Enforce prevailing wage requirements
    - Enforce wage & hour issues
    - Identify misclassification of employees as contractors
    - Conduct administrative hearings
  - 10.0 FTE, 8.0 investigators & 2.0 adjudicators
    - \$1.2 million - general revenues & workers' comp. restricted receipts

# Sections 3, 10 & 11 – DLT Fees & Fines

- Budget adds 4 new positions for unit
  - 3 investigators, 1 adjudicator
  - \$0.4 million from general revenues
  - Would bring total unit to 14.0 FTE
- Budget assumes \$4.2 million in additional rev. from staff enhancement & Article 6
  - \$3.8 million net of new staff
  - Revenue dependent upon increased staffing

# Section 4 – Plan Review & Inspection

- Plan Review for fire code compliance
  - Reviews architectural drawings & construction plans
  - Fees charged based upon the estimated project cost over 5-tier schedule
- Governor proposes raising all fees
  - Unchanged since 1993
- Budget assumes \$0.5 million of revenues



# Section 4 – Plan Review & Inspection

Project Cost	Current Law	Gov. Rec.
\$500 or less	\$25	\$35
Over \$500 < \$1,000	\$35	\$45
Over \$1,000 < \$2,000	\$45	\$55
Over \$2,000 < \$500,000 (billed over \$2,000 base)	\$45 + (\$6 per \$1,000)	\$55 + (\$7 per \$1,000)
\$500,000 and over (billed over \$500,000 base)	\$3,033 + (\$4 per \$1,000)	\$3,292 + (\$6.75 per \$1,000)

- Revenue est. based on 1-year collections
  - Year used may be outlier: 2 projects w/costs totaling \$85.3 million

# Section 4 – Plan Review & Inspection

- Inspection Unit
  - Inspects commercial & residential > 3 units
  - \$100 fee for failed inspection
    - Inspection fee established 2007
    - No charge for passing inspections
    - Clarifies when payment is due
- Governor proposes \$250 fee
  - Budget assumes \$13,950 of new revenues
  - Based on 93 failed 2017 inspections

# Sections 5 – Explosive Permits

- Explosives permits
  - Under current law, annual permit fees
    - \$85 for manufacturers; \$50 for dealers, possessors
    - Non-refundable apprentice permit fee \$25
    - User fee of \$50 per \$10,000 project cost
- Proposal unifies all permits at \$100
  - Eliminates \$25 apprentice permit fee
  - No estimated fiscal impact
  - Current annual collections approx. \$5,000

# Section 6 – DMV Late Renewal Fee

- Licenses & IDs
  - 5-year renewal cycle
    - 2 years after age 75 years
  - Renewal notice sent 2 months prior to expiration
    - CDLs 1 month prior
- Registration
  - Renewal notice sent 1 month prior to expiration
- Renewal services available in person at Registry, AAA, or online

# 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

# Section 7 – DMV Online Driving Records

- Certified driving records are a legal history of: classification, violations, accidents & license actions
- Abstracts are available for employers, attorneys, insurance companies, courts & law enforcement agencies for official use
  - Subscription service available to large volume purchasers
    - Used for setting insurance rates, hiring decisions, assessing driver's behavior

# 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

# Section 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



# Section 8 – DMV Inspection Related Expiration Fee

- Prior to Rhode Island Motor Vehicle System launch Registry could not consistently connect an inspection lapse with a vehicle registration –
  - System launched July 5, 2017
- Enforcement via traffic stops

# Section 8 – DMV Inspection Related Expiration Fee

- FY 2019 DOR proposed \$2.6 million from automatic enforcement
  - Assumed 10,200 registrations; ~ 850 monthly
    - Dept. requested \$246,035 for 3.0 FTE & programming
- Registration reinstatement fee \$250
  - Governor included revenues, not staff explicitly
- 2018 Assembly prohibited authority for fee collections

# Section 8 – 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

# Section 12 – Public Utilities Commission

- Single agency with two distinct regulatory bodies
  - The Public Utilities Commission (Commission)
  - The Division of Public Utilities and Carriers (Division)

# Section 12 – Public Utilities Commission

- 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

# Section 12 – Utility Service Restoration Act

- Currently no proactive standards in place in the event of a major utility outage
  - Aquidneck Island natural gas outage in January 2019
- Commission can only review a company's actions after an incident
  - Review is limited to cost recovery issues

# Section 12 – Utility Service Restoration Act

- Establishes
  - Emergency response standards
    - Significant or widespread outages
    - Service interruptions
  - Annual reporting requirements
    - June 1, 2021
    - First Monday in June thereafter
  - Applies to gas and electricity distributors
  - Based on Massachusetts regulations

# Section 12 – Utility Service Restoration Act

- Imposes
  - 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



# Section 13 – Public Utilities Penalties

- General penalty provision
- Imposes civil penalties against regulated utilities
  - Fines for violations of RIGL Chapters 1- 5
    - To regulated utilities
      - No greater than \$200,000/day or 0.02% of gross intrastate operating revenue
    - To officers/agents/employees
      - No less than \$1,000
  - Penalties assessed credited back to the ratepayers

# Section 14 – Sheriffs Training Academy Fee

- Department of Public Safety
  - Divisions include
    - Central Management
    - E-911
    - Capitol Police
    - Sheriffs
    - Municipal Police Training Academy
    - State Police

# Section 14 – Sheriffs Training Academy Fee

- Authorizes Sheriffs Training Academy \$50 application fee
  - Reduce applications by approx. 1/3
    - Limit pool to more serious applicants
    - Hardship waiver available
  - Last academy held November 2019
    - 393 applicants; 242 qualified
      - 98 attended physical agility test; 81 took written exam
      - 17 were hired
  - Budget assumes \$13,000 for FY 2021
    - Deposited as general revenues

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