

Governor's FY 2021 Budget: Articles

Staff Presentation to the House Finance
Committee
February 27, 2020

Introduction

- Article 5 – Capital Development Program
 - Question 2: Beach, Clean Water and Green Bond
- Article 7 – Relating to the Environment

Assembly Role

- Appropriate Pay-Go
 - (Articles 1 of 7170 & 7171)
- Approve General Obligation Bond Referenda
 - Voters approve or reject
 - Debt service automatic
- Other Financing (Kushner)
 - Approve or reject resolution
 - Generally appropriate debt service

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 \$19.9 million to \$1,917.2 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

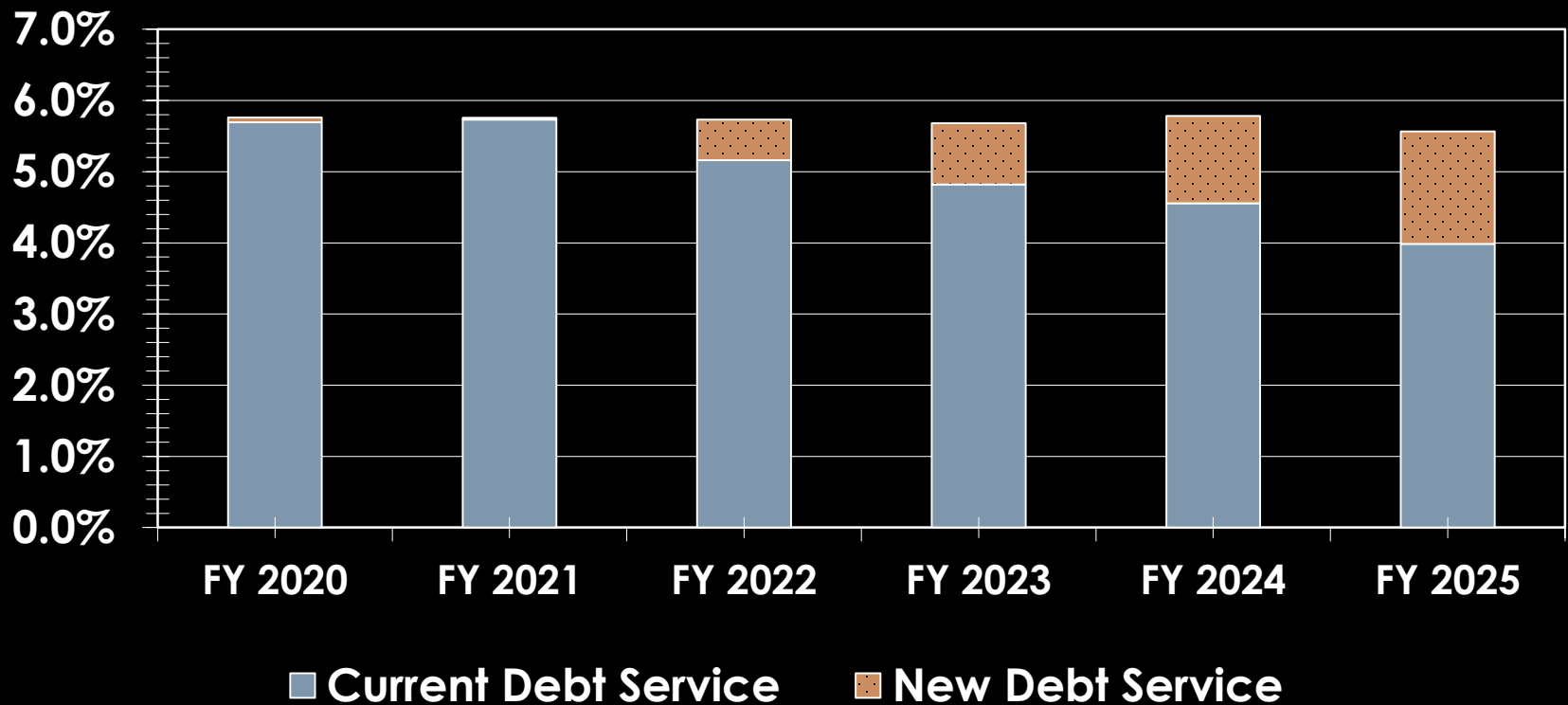
- Debt as % of personal income
 - Drop from 3.1% in FY 2019 to 2.6% in FY 2025
 - Likely to be higher as projects are added
- Treasurer's January debt capacity letter
 - Update to PFMB Debt Affordability Study
 - Bond capacity for 2020 ballot: \$208.3 million
 - Appears to assume faster issuance schedule than typical
 - Treasurer updated letter on Feb. 11
 - Liability would remain within recommended levels based on projected issuance schedule

Funding Considerations – Debt Service

Fiscal Year	Net Tax Supported Debt Service	Pct. of Revenues
2020	\$243.4	5.8%
2021	\$252.7	5.8%
2022	\$261.8	5.8%
2023	\$265.5	5.8%
2024	\$276.0	5.9%
2025	\$267.7	5.6%

\$ in millions

Debt Service as Percent of Useable Revenues



Article 5, Question 2

- Beach, Clean Water and Green Bond
 - \$64.0 million for 5 different projects
 - Budgeted in DEM and Infrastructure Bank
 - Invest in recreational and economic facilities
 - Adapt to changing weather conditions
 - Protect coastline and provide clean water and drinking water
 - Support small farmers and forest conservation
 - Protect open space for recreational projects

Article 5, Question 2

2020 Beach, Clean Water & Green Bond Project	Amount	Debt Service
State Beaches, Parks, and Campgrounds	\$35.0	\$2.8
Local Recreation Projects	4.0	0.3
Natural and Working Land Purchases	3.0	0.2
Clean Water and Drinking Water	15.0	1.2
Municipal Resiliency	7.0	0.6
Total	\$64.0	\$5.1

\$ in millions

Article 5, Question 2 Background

2018 Green Economy Bonds	Amount
Coastal Resiliency & Public Access Projects	\$5.0
Clean Water & Drinking Water	7.9
Wastewater Treatment Improvements	5.0
Dam Safety	4.4
Dredging Downtown Providence Rivers	7.0
State Bikeway Development	5.0
Local Recreation Projects	5.0
Access to Farmland	2.0
Local Open Space	2.0
Brownfield Remediation & Economic Development	4.0
Total	\$47.3

\$ in millions

Article 5, Question 2 Background

Project	Years	Amt.	Bal.
Access to Farmland	2012/2014/2018	\$9.5	\$3.6
Brownfields Remediation	2014/2016/2018	14.0	8.3
Coastal Res. & Flood Prevention	2014/2016/2018	8.0	7.6
Local Land	2004/2016/2018	19.0	7.5
Local Recreation Projects	2012/2014/2016/2018	19.5	10.7
Narr. Bay Watershed Rest.	2004/2012	12.5	4.4
Open Space Land	2004/2014/2018	16.0	6.8
State Bikeways	2016/2018	15.0	12.4
State Historic Parks	2012/2016	5.0	2.3
State Recreation	2000/2004	7.0	1.1

\$ in millions

Article 5, Question 2 Background

Project	Year	Amt.	Bal.
Dam Repair	2018	4.4	4.4
Dredging Downtown Rivers	2018	7.0	7.0
Roger Williams Park & Zoo	2014	18.0	1.3
Stormwater Pollution Prevention	2016	3.0	2.8
Wastewater Treatment Facility	2018	5.0	5.0
Total		\$ 162.9	\$ 85.1

\$ in millions

- Total approved bonds from 2004: \$162.9 million
 - Remaining balance \$85.1 million

Article 5, Question 2

- State Beaches, Parks & Campgrounds
 - \$35.0 million
 - For major capital development projects at state parks, beaches and campgrounds
 - \$1.1 million balance remaining from \$7.0 million in previously approved bonds from 2000 & 2004
 - Included as part of the State Recreational Facilities Improvements project

Article 5, Question 2

- State Recreational Facilities Improvement
 - \$39.0 million spent prior to FY 2020
 - Current and 5-year project costs \$51.7 million

Fiscal Year	2020	2021	2022	2023	2024	2025	Total
Approved RICAP	\$3.6	\$2.1	\$2.5	\$3.5	\$3.0	\$ -	\$14.7
Governor							
RICAP	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$15.6
2004 Bond	1.1	-	-	-	-	-	1.1
New Bond	-	-	8.8	8.8	11.0	6.5	35.0
Total	\$3.7	\$2.6	\$11.4	\$11.4	\$13.6	\$9.1	\$51.7

\$ in millions

Article 5, Question 2

- Local Recreation Projects - \$4.0 million
 - Grants to municipalities for recreational development & acquisition
 - \$35.0 million in grants to municipalities for over 200 projects since 1988
 - \$10.7 million balance remaining from \$19.5 million in previously approved bonds from 2012 - 2018

Article 5, Question 2

- Natural and Working Lands - \$3.0 million
 - Grants to purchase forest conservation easements and development rights
 - Administered by Agricultural Lands Preservation Commission and State Farmland Access Program
 - Previously through two other on-going projects
 - State Land Acquisition-Open Space
 - Farmland Development Rights Acquisition

Article 5, Question 2

- Clean Water & Drinking Water \$15.0 million
 - 20% state match for federal funds
 - Finance clean & drinking water infrastructure improvements through Infrastructure Bank
 - Voters approved \$7.9 million in 2018
 - \$0.1 million remains

Article 5, Question 2

- Municipal Resiliency - \$7.0 million
 - Funds would provide up to 75.0% matching grants to municipalities
 - Infrastructure resiliency projects
 - Improve community resiliency and public safety in face of flooding, storm events, etc.
 - Voters approved similar bond for \$5.0 million on 2018 ballot
 - Funds for public and non-profit entities to restore or improve resiliency of coastal habitats

Article 7 – Environment

Sec.	Topic	GR Impact	RR Impact
1 & 2	Hunting & Rec. Fishing	\$ -	\$0.1
3	Party or Charter Vessel Licenses	-	0.0
4 - 8	Relating to Commercial Fishing	-	0.1
9	Shellfish Dockside Program	0.4	-
10	Expedited Permitting	0.6	-
11&12	OSPAR and OSCAR	-	1.8
	Total	\$1.0	\$2.0

\$ in millions

Article 7, Sec. 1 & 2 – Hunting and Recreational Fishing

- Repeals provision that season & bag limits can only be effective for one year
- Increases fees
 - Hunting, fishing & combo licenses
 - Permits for deer, wild turkey, stocked game, waterfowl, fur trapping, & trout fishing
 - Take effect in FY 2021, FY 2025, & FY 2028
- Last increase in 2002
- Fee collections used as state match for federal Fish and Wildlife funds

Article 7, Sec. 1 & 2 – Hunting and Recreational Fishing

- Examples of license and permit fee increases for residents

Resident Licenses/Permits	Current	FY 2021	FY 2025	FY 2028
Freshwater Fishing or Hunting	\$18.00	\$21.00	\$24.00	\$27.00
Combination Fish/Hunting	\$33.00	\$38.00	\$43.00	\$48.00
Deer Permits	\$12.50	\$13.00	\$14.00	\$15.00
Wild Turkey Permits	\$7.50	\$8.00	\$9.00	\$10.50

Article 7 Sec. 1 & 2 – Hunting and Recreational Fishing

- Examples of license and permit fee increases for non-residents

Non-Resident Licenses/Permits	Current	FY 2021	FY 2025	FY 2028
Freshwater Fishing	\$35.00	\$38.00	\$41.00	\$44.00
Hunting	\$45.00	\$55.00	\$65.00	\$75.00
3 Day Hunting	\$16.00	\$20.00	\$20.00	\$20.00
Deer Permits	\$25.50	\$26.50	\$27.50	\$28.50
Wild Turkey Permits	\$20.00	\$21.50	\$23.00	\$24.50

Article 7, Sec. 3 – Party or Charter Vessels

- Changes renewals from biennial to annual
- Moves effective date from Feb. 28 to Dec. 31
- Increases Fees
 - From \$25 to \$100 for residents and \$300 for non-residents
 - Fees have not been changed since 1998

Article 7, Sec. 4 - 8 – Commercial Fishing

- Increases landing and dealing fees
 - Landing Fees
 - Changes from multiple license types to one standard fee

Landing Fees	Resident	Non-Resident
Current	\$200	\$400
Proposed	\$300	\$600

- Dealing fees increase from \$200 to \$450
 - Still depends on license type

Article 7, Sec. 4 - 8 – Commercial Fishing

- Establishes Multi-purpose Vessel License
 - Enables vessel owners to have any operator engage in commercial fishing aboard their vessel
 - Currently limited to only those who already have a commercial fishing license

Article 7, Sec. 4 - 8 – Commercial Fishing

- Current licensing structure
 - Commercial fishing
 - Principal Effort
 - Multi-purpose
 - Students & over 65 (shellfish)
 - Requires species and gear-type endorsements
 - Older & outdated way of managing fisheries

Article 7, Sec. 4 - 8 – Commercial Fishing

- Proposed Licensing Structure
 - Standard Resident or Non-Resident License
 - Further categorized by limited or unlimited sectors
 - Accounts for species type & fishing effort
 - Retains multi-purpose, student & over 65 shellfishing licenses
 - Assumes modern management techniques
 - Examples: electronic reporting and quota

Article 7, Sec. 4 - 8 – Commercial Fishing

- Proposed licensing fees for residents
- Massachusetts used as a model for fee amounts

	Limited	Unlimited
1 Sector	\$150	\$300
2 Sectors	\$200	\$375
3 Sectors	\$250	\$450
Multipurpose		\$450
Combo: 1 Limited & 1 Unlimited		\$350
Combo: 2 Limited & 1 Unlimited		\$400
Combo: 1 Limited & 2 Unlimited		\$425

Article 7, Sec. 4 - 8 – Commercial Fishing

- Proposed licensing fees for non-residents

	Limited	Unlimited
1 Sector	\$350	\$700
2 Sectors	\$700	\$1,400
3 Sectors	\$1,050	N/A
Combo: 1 Limited & 1 Unlimited	\$1,050	
Combo: 2 Limited & 1 Unlimited	\$1,400	
Combo: 1 Limited & 2 Unlimited	\$1,750	

Article 7, Sec. 9 – Shellfish Dockside Program

- Dept. of Health analyzes water samples collected from shellfish growing areas
 - Reports results to DEM for decisions when to close shellfish harvesting areas
- In 2016 & 2017 RI was affected by closures of shellfishing areas in Narragansett Bay
- DEM & DOH developed contingency plan for additional testing capabilities
 - Protect public health and shellfish industry

Article 7, Sec. 9 – Shellfish Dockside Program

- Article authorizes director of DOH to establish a dockside program
 - Excludes aquaculture processors
 - Program to be established through rules and regulations
 - Pursuant to National Shellfish Sanitation program Model Ordinance
 - Assure licensed marine shellfish processors are meeting sanitary standards
 - Includes authority for license fee

Article 7, Sec. 9 – Shellfish Dockside Program

- Article dedicates fee revenues for program expenses
 - Fees deposited as general revenues
 - Budget assumes \$0.4 million
 - Support 3.0 new positions
 - 2.0 clinical laboratory scientists
 - 1.0 environmental health food specialist
 - Operating expenses
 - Laboratory testing & monitoring activities

Article 7, Sec. 10 – Expedited Permitting

- Bureau of Environmental Protection
 - Responsible for
 - Preventing and minimizing pollution to environmental resources
 - Monitoring quality and oversees restoration of water, air, and land
 - Overseeing permitting applications for various projects

Article 7, Sec. 10 – Expedited Permitting

- Allows Bureau to assign case managers to complex or multi-jurisdictional projects
 - Budget includes \$0.6 million from increasing permitting fees
 - Permits issued through Offices of Air & Water Resources and Waste Management
 - Established through rules & regulation
 - Deposited as general revenues
 - Adds \$0.5 million and 5 new engineering positions in DEM

Article 7, Sec. 11 & 12 – OSPAR/OSCAR

- Oil Spill Prevention, Administration & Response Fund
 - Created 1996 in response to North Cape spill
 - \$0.05 per barrel
 - Out-of-state petroleum products
 - Annual average collections - \$2.3 million
 - \$10.0 million cap, adjusted for inflation after January 1, 1998, on fee collection
 - \$15.2 million as of January 2020 using CPI

Article 7, Sec. 11 & 12 – OSPAR/OSCAR

- Eligible Uses
 - Response, containment, and remediation
 - Response readiness training & equipment
 - Emergency loans to workers affected by a spill
 - Damage compensation for claims that cannot otherwise be compensated by responsible parties

Article 7, Sec. 11 & 12 – OSPAR/OSCAR

- Doubles fee to \$0.10 per barrel
 - Estimated \$1.9 million in new receipts
 - Same increase proposed last year
- Establishes Ocean State Climate Adaptation and Resilience Fund (OSCAR)
 - \$1.1 million of the new receipts
 - Supports projects that increase resiliency of infrastructure on public lands from impacts of climate change

Article 1, Sec. 21 & Article 7, Sec. 12 & 13

Gov. Proposal	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Prior Balance	\$4.0	\$3.3	\$2.6	\$3.2	\$0.8
Receipts	2.0	2.2	2.9	1.8	3.6
Program Transfers	(0.5)	(0.6)	(0.7)	(0.6)	(1.7)
<i>Total Available</i>	\$5.5	\$5.0	\$4.8	\$4.3	\$2.7
Staffing/Contacted	\$1.3	\$1.6	\$1.2	\$1.6	\$1.7
Operations	0.6	0.7	0.4	0.7	0.6
Grants	0.2	0.0	0.1	0.3	0.3
Scoop(7071- Sec 21)	-	-	-	1.0	-
<i>Total Expenses</i>	\$2.2	\$2.3	\$1.6	\$3.6	\$2.5
Balance	\$3.3	\$2.6	\$3.2	\$0.8	\$0.2 ₄₀
\$ in millions					

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