Governor’s FY 2012 Budget: Articles

Staff Presentation to the House Finance Committee
March 24, 2011
Introduction

- Four Articles today
  - Article 6 – Beach Parking Fees
  - Article 20 – Fees
  - Article 24 – Taxation
  - Article 35 – Registration of Vehicles
Article 6 – Beach Parking Fees

- Increase beach parking fees
  - Through administrative rules
  - Notice given already to make deadline

- Maintain reimbursement levels

- Lowers reimbursement to host communities from 27% to 16%

- Capture additional $1.9 million for general revenues in FY 2012
# Article 6 – Beach Parking Fees

<table>
<thead>
<tr>
<th>Season Pass</th>
<th>Current</th>
<th>Proposed</th>
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<tbody>
<tr>
<td>Resident</td>
<td>$30</td>
<td>$60</td>
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<tr>
<td>Senior Resident</td>
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# Article 6 – Beach Parking Fees

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<tr>
<th>Weekday</th>
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<tr>
<td>Resident</td>
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<tr>
<td>Senior Resident</td>
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<tr>
<td>Senior Non-Resident</td>
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### Article 6 – Beach Parking Fees

<table>
<thead>
<tr>
<th>Weekend</th>
<th>Current</th>
<th>Proposed</th>
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<tbody>
<tr>
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Article 20 – Fees

- Section 1 – Dept. of Business Regulation
- Section 2 – Commercial Driver's License
- Section 3 – Fire Inspection Fees
**Article 20 – Dept. of Business Regulation Fees**

- Increases security sales representative license fee
  - From $60 to $75
  - Affects approximately 79,000 sales representatives
- Increase revenues by $1.2M in FY 2012
- Effective July 1, 2011
Article 20 – Dept. of Business Regulation Fees

- Increases federal covered advisor license fee
  - From $250 to $300
  - Affects 820 advisors
- Increase revenues by $41,000 in FY 2012
- Effective July 1, 2011
Article 20 – Commercial Drivers License Fees

- Allows CCRI to establish a fee of up to $100 to administer a skill test exam for CDL
- Fee covers CCRI’s administrative costs of conducting the exam
- Current Fee is $50; generates $78K and program costs are $52K above that
- Does not have a budgetary impact
Article 20 – Fire Inspection Fees

- Increases fire inspection fees
  - From $100 to $125
  - Estimate of 1,600 annual inspections
- Increase revenues by $40,000 in FY 2012
- Effective July 1, 2011
Article 24 – Fees and Revenues

- Section 1 – Lottery Set-Off
- Section 2 – Motion Picture Tax Credit
- Section 3 – Estate Filing Fee
- Section 4 – Letters of Good Standing
- Section 6 – Lists of Tax Delinquents
- Section 7 – Returned Checks Fee
- Section 8 – Driving Record Abstracts
- Section 9 – Tax Refund Offset
Article 24 – Lottery Set-Off

- Allows for garnishing of lottery winnings over $600 when unpaid state taxes
- Two other set-offs
  - Child support
  - Benefit overpayments
- Taxes owed to administrator would be 3rd priority
- Budget assumes $141,457 in revenues
Article 24 – Motion Picture Tax Credit

- Disallows tax credit for Motion Picture Tax Credit program effective July 1, 2011 unless initial certification had already been granted
- Provides a 25.0% credit for state certified production costs
- Directly attributable to motion picture activities in RI
- Minimum production budget of $0.3 million
Article 24 – Motion Picture Tax Credit

- 2008 Assembly capped credits at $15.0 million per tax year

<table>
<thead>
<tr>
<th>FY</th>
<th>Credits Taken</th>
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<tbody>
<tr>
<td>2006</td>
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<td>2009</td>
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<tr>
<td>2010</td>
<td>$11.0 million</td>
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- Budget assumes revenues of $1.6 million
Article 24 – Estate Filing Fee

- Increases fee from $25 to $50
- Instituted in 1993
- FY 2012 budget assumes $108,915
- In FY 2010, 4,387 estates were filed
- Connecticut’s fee is based on the value of estate, $25 – $12,500
- Massachusetts – No fee
Article 24 – Letters of Good Standing

- Increases fee to obtain a letter of good standing from Taxation from $25 to $50
- FY 2012 assumes increased revenues of $122,925; 4,917 requests in FY 2010
- Massachusetts charges $12 plus $3 to expedite
- Connecticut charges $134 - $45; priority or regular
Article 24 – Tax Delinquents

- Allows Taxation to list top 100 individuals and 100 businesses
- Delinquent in paying taxes in excess of 90 days
- Taxation currently posts a list of the top 100 tax delinquents
- Budget assumes revenues of $1.8 million
Article 24 – Returned Checks Fee

- Authorizes DMV to assess a fee up to $50 on returned checks
- DMV incurs $3.71 in various fees whenever a check is returned
- Budget includes $18,720 in revenues, which assumes a fee of $25
Article 24 – Driving Record Abstracts

- Requires insurance companies to use driving record abstracts
- At least every three years for rating and underwriting policies
- Current options: credit reports or record abstract, 2003 Assembly
Article 24 – Driving Record Abstracts

- Budget assumes $3.0 million in revenues; brings back to FY 2004 level of $7.8 million when it was required.
- $17.50, including $1.50 technology surcharge.
- Additional convenience fee if obtained online.
Article 24 – Collections of Debts

- Allows Taxation to contract with state agencies and municipalities to collect debts owed on their behalf
- Can charge a reasonable fee for service
- Was intended to allow Taxation to offset tax refunds for outstanding debts
- Department of Corrections - case study
  - $0.2 million in Governor’s FY 2012 budget
  - $3.8 million in total outstanding debts
Article 35 – Registration of Vehicles

- Section 1 – Special Use Identification Tags
- Section 2 – Plate Reissuance
Article 35 – Registration of Vehicles

• Current law allows:
  ◆ Purchase in a packet of 10 at a fee of $200
  ◆ Which equates to $20 each

• Allows DMV to assess a fee up to $25 for each temporary registration plate

• Above $20 would be retained by a vendor for a convenience fee
Article 35 – Registration of Vehicles

- Deletes requirement to reissue plate beginning on September 1, 2011 and no less than every 10 years
- Last conducted in 1996-1997, with “wave” plate design
- Cost for plate printing, notification and mailing is $4.9 million
$1.6 million would be generated from the recapture of unregistered vehicles
Assumes 3.0 percent of vehicles are unregistered
Resulting in a net cost of $3.3 million
November Revenue Conference did not estimate any revenue from requirement
Expense is not part of current service estimate
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