Governor’s FY 2020 Budget: Articles

Staff Presentation to the House Finance Committee
February 27, 2019
Introduction

- Article 5, Section 6
  - Municipal Tax Registration Block

- Article 7
  - Motor Vehicles

- Article 8
  - Transportation
Municipal tax collectors required to report unpaid property taxes to DMV by October 31

- Registration blocks on vehicles for taxes owed
  - Vehicle/property - enhance compliance
- DMV notice requirements as of Jan. 1, 2019
  - Provide notice to those blocked including jurisdiction
Section 6 makes reporting voluntary and requires a $5 fee per request
- Assumes $0.4 million ~ 81,250 registration blocks
  - FY 2018 ~125,605 requested reg. blocks
  - FY 2019 ~ 82,954 as of Jan. 14, 2019
  - Assumes 35% attrition from prior collections
- Division prohibited from adding new requests if a municipality owes for prior requests more than 30 days
Article 7, Section 1 – Technology Surcharges

- 2006 Assembly authorized borrowing for a new DMV computer system
  - Debt funded from unspecified charge
  - $1.50 technology surcharge implemented for period of 7 years through FY 2014
    - Law restricted use for debt service only

- 2009 Assembly extended surcharge from 7 to 10 years through FY 2017
  - Expanded use to include project costs
Article 7, Section 1—Technology Surcharge

- State filed suit against the vendor November 1, 2016
  - Unanticipated major expense
    - Vendor repeatedly changed ownership; multiple contract amendments & project delays
  - Suit Settled April 12, 2017
    - Settlement included $7.0 million payment to the vendor over 2-years
    - Payments were due July 2017/2018
    - Entered maintenance agreement worth $2.9 million annually
Article 7, Section 1—Technology Surcharges

- 2017 Assembly
  - Transferred deposits from restricted receipts to IT Investment Fund
    - Fund used to pay the settlement expense
    - Deposits intended to repay that expense over time with additional funding available later
    - Extended use to include maintenance and enhancements
  - Extended $1.50 surcharge for 5 years through June 30, 2022
Article 7, Section 1–
Technology Surcharge

- Surcharge has averaged $2.1 million from FY 2011 through FY 2018
  - 5 extra years = $10.4 million to $11 million
  - IT Fund FY 2018 collections of $2.2 million
    - IT Fund repayment anticipated by June 2022
- System launched July 5, 2017
Article 7, Section 1

- Increases the fee to $2.50 and makes it permanent
  - $1.00 to restricted receipts for DMV use
  - Full amount to DMV after FY 2023 increase to generate $1.6 million from $1.00 increase
- DMV budget includes $2.9 million of restricted receipt expenses
  - Unclear what the plan to cover the variance is
Article 7, Section 2 – License Plate Issuance Delay

- Current law requires 10-year reissuance
  - Planned plate issuance:
    - At the time of initial registration
    - Upon registration renewal

- Article repeals the mandatory reissuance of fully reflective license plates
  - January 1, 2020 under current law
    - Current issuance date represents 6th postponement
    - Postponed in part for Real ID
Article 7, Section 2 – License Plate Issuance Delay

- The budget reduces expected revenues and expenditures
  - Net revenue loss $0.4 million

- Governor adds $0.2 million for 2.0 FTE for license plate visibility enforcement
  - To ensure that stations only pass vehicles with legible license plates
Article 7, Section 2 – License Plate Issuance Delay

- Total expenditures previously estimated to be $10.5 million over 24 months
  - $5.2 million in revenues from charges for new plates for current registrants
    - Department anticipates cost may increase due to material and postage costs
  - Total per plate expense over $12
  - $6.00 per plate set cost in statute – unchanged throughout all revisions
  - Net state cost $5.3 million
## Article 7, Section 2 – License Plate Issuance Delay

- Last full reissuance was “Wave” plates done over 1996 and 1997

<table>
<thead>
<tr>
<th>Assembly</th>
<th>Current Date</th>
<th>New Date</th>
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<tbody>
<tr>
<td>2013</td>
<td>9/2013</td>
<td>9/2015</td>
</tr>
<tr>
<td>2016</td>
<td>7/2016</td>
<td>4/2017</td>
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<tr>
<td>2017</td>
<td>4/2017</td>
<td>1/2019</td>
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<tr>
<td>2018</td>
<td>1/2019</td>
<td>01/2020</td>
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<tr>
<td>2019 – Art 7</td>
<td>01/2020</td>
<td><strong>Repeal</strong></td>
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Article 7, Section 3 – Vehicle Titles

- Current law – cars older than 2001 over 20 years, are exempt from title requirements
  - 2010 Assembly extended exemption from 10 years
  - Under prior law after 1973 vehicles were exempt from title requirements after 10 yrs.
  - Change prevents cars 2001 and newer from title exemption in the future
Article 8 – Highway Maintenance Account

- HMA was created by 2013 Assembly
  - Receives specific surcharges and other revenues as appropriated
    - Phased in increases of surcharge from FY 2014 through FY 2016
    - Vehicle registration and licenses
  - Designed to be used as partial state match for federal funds in lieu of state issuing general obligation bonds
Article 8 – Highway Maintenance Account

- Provides RI Public Transit Authority with $5.0 million of HMA for FY 2020
  - Authority receives 5.0% of funds beginning in FY 2016
- Requires DOT to reimburse DMV for salary & benefit costs of employees involved in collection of fees going into account
  - FY 2020 budget assumes cost of $4.5 million
### Article 8 – Highway Maintenance Account

<table>
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<th>2014 Assembly</th>
<th>2017 Assembly</th>
<th>2018 Assembly</th>
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<tbody>
<tr>
<td>FY 2016</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
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<tr>
<td>FY 2017</td>
<td>75%</td>
<td>50%</td>
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<td>FY 2018</td>
<td>100%</td>
<td>80%</td>
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<tr>
<td>FY 2019</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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- 2017 Assembly also provided RIPTA with an additional $5.0 million – FY 18/19 only
  - Reinstate bus pass program & cover debt
  - Reporting requirement
Reporting Requirement

- 2017 Assembly required Authority to convene coordinating council
  - Develop recommendations for sustainable funding
    - Free-fare program for low income seniors and persons with disabilities
- Recommendations must be submitted by November 1, 2018
  - Speaker of the House
  - Senate President
Reporting Requirement

Rhode Island Human Services Transportation Coordinating Council

- 12 Members
  - RI Public Transit Authority
  - Division of Elderly Affairs
  - RIPTA Riders Alliance
  - Executive Office of Health & Human Services
  - Crossroads
  - Office of Veterans’ Affairs
  - Long Term Care Coordinating Council
  - BHDDH
Reporting Requirement

- Created two working groups
  - Communications
    - Tasked with gathering information on transportation assistance programs
  - Bus Pass Program Funding
    - Tasked with developing recommendations for appropriate and sustainable funding
- Council met 6 times
- Report submitted on December 31
  - About two months late
Recommendations

- Sustainable Funding
  - New permanent source of funding is needed
  - $4.4 million from HMA or additional 1 cent of gasoline tax

- Options discussed but not recommended
  - Increase fare for paying customers
  - Reduce service
  - Pursue efficiencies within existing programs
Recommendations

- Communications, Coordination and Technology Integration
  - Implement new tech. to increase boarding speed & improve system reliability for services provided

- Mobility Management
  - Establish mobility manager to coordinate agencies and private org. providing transportation assistance
Article 8 – Gasoline Tax

- 2014 Assembly amended disposition of gasoline tax
  - Shifted 3.5 cents from DOT’s share to Turnpike and Bridge Authority
    - Allowed Authority to continue operating Sakonnet River Bridge without toll
  - Indexed gasoline tax to CPI & dedicated future increases to DOT
    - Every other year, rounded to nearest cent
    - FY 2016 - first year increase
    - FY 2018 - adjustment not enough to increase tax
Governor dedicates half of projected cent increase to RIPTA
- $2.3 million based on est. yield per penny

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<td>DOT</td>
<td>19.25</td>
<td>19.25</td>
<td>20.25</td>
<td>19.75</td>
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<td>RIPTA</td>
<td>9.75</td>
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<td>9.75</td>
<td>10.25</td>
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<td>Turnpike &amp; Bridge</td>
<td>3.5</td>
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## Gasoline Tax Proceeds

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Per Penny Yield*</th>
<th>RIPTA Share</th>
<th>Total Funding*</th>
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<tr>
<td>2011</td>
<td>$4.268</td>
<td>9.75</td>
<td>$41.6</td>
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<td>$4.206</td>
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<td>2018</td>
<td>$4.493</td>
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<td>$43.8</td>
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* in millions
## Article 8 – Impact

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<th>Current Law</th>
<th>Article 8</th>
<th>Diff.</th>
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<td>DOT</td>
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<td><strong>HMA</strong></td>
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<td>$5.0</td>
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<tr>
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<td><strong>RIPTA</strong></td>
<td>$49.1</td>
<td>$56.4</td>
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Article 8 – Trip Permit Fees

- DOT is authorized to issue permits granting applicants access to operate vehicles in excess of 80,000 pounds
  - Highways under its jurisdiction
  - Applications can be submitted online or in person at State Office Building
  - Must be submitted/requested 5 days before trip occurs
Article 8 – Trip Permit Fees

- Increases single use trip fee from $20 to $40 or annual fee from $300 to $400
  - Loads under 130,000 pounds
- Establishes new fee of $300 for loads exceeding 130,000 pounds
- FY 2020 budget assumes $0.5 million of new revenues from increasing oversized and overweight permit fees
  - Receipts are deposited as gen. rev.
    - $1.7 million for FY 2018 and $1.4 million for FY 2017