



Senate Fiscal Office

4.15.21

Department of Revenue and Related Budget Article Sections

Article 3, § 3 License Plate Reissuance

- Delays the statutorily mandated license plate reissuance from June 1, 2020, to July 1, 2022
- 9th consecutive time that requirement has been amended
- FY2022 Impact = \$3.4 million loss in revenue

Session	Date	Delay Date	Reason
2011	9/2011	9/2013	\$3.3 million savings initiative
2013	9/2013	9/2015	Budget reduction target initiative
2015	9/2015	7/2016	Need to align plate design w/ state tourism campaign
2016	7/2016	4/2017	RIMS - Staff would have to be taken away from implementation
2017	4/2017	1/2019	Launch of RIMS System/Reprogramming legacy IT system
2018	1/2019	1/2020	Real ID - Staff would have to be taken away from implementation
2019	1/2020	6/2020	Governor had proposed eliminating the reissuance altogether. By the time Budget was enacted, it was too late to timely implement
2020	6/2020	No new date	Delay due to impact of the pandemic
2021	6/2020	7/2022	Delay due to impact of the pandemic

Article 3, § 3 License Plate Reissuance

- RIGL 31-3-33: DMV required to issue new reflective license plates for all registered vehicles every 10 years
- Considered a best practice that:
 - Reduces motor vehicle registration fraud
 - Generates revenue
 - Improves law enforcement's ability to identify vehicles

Article 3, §4 Commercial Driver's Licenses

- Shifts administration of the commercial driver's license (CDL) road test from the Community College of Rhode Island (CCRI) to the Division of Motor Vehicles (DMV)
- Effective January 1, 2022
- Budget includes \$132,961 for seven months of additional personnel expenditures at the DMV required to administer the road testing
- 3.0 FTE positions, including 2.0 Senior Motor Vehicle Examiners and 1.0 Customer Service Specialist III, and \$3,605 in operating expenses.

Article 3, §4 Commercial Driver's Licenses

FY2022 Net Fiscal Impact - Article 3 CDL Transfer

Budget Initiative	Expenditures	Revenues	Net Fiscal Impact
DMV - Personnel	\$132,961	-	(\$132,961)
DMV - Operating	3,605	-	(3,605)
Transfer of CDL Fee Restricted Receipt Revenue to General Fund	-	\$100,000	\$100,000
Elimination of School Bus Training Payments to CCRI	(32,101)	-	32,101
Total	\$104,465	\$100,000	(\$4,465)

Article 3, §4 Commercial Driver's Licenses

Commercial Driver's License (CDL)

- Permits licensee to operate large, heavy, or hazardous materials vehicles for commercial purposes
- May obtain additional endorsements, i.e. semi-trailer (T), school bus driver (S), or passenger vehicle (P)
- State law requires school bus drivers to apply for and receive an endorsement for school bus drivers, and pass a 10-hour school bus driver certification course
- Every 5 years, school bus drivers must attend a 3-hour refresher course

Article 3, §4 Commercial Driver's Licenses

CDL Oversight

- Road testing is closely regulated and audited by USDOT
- DMV responsible for ensuring compliance with standards
- DMV staff currently not present when CDL road testing occurs and cannot guarantee that standards are being met
- In-housing the road testing function mitigates the risk of non-compliant testing

Article 3, §4 Commercial Driver's Licenses

- May improve customer service and create efficiencies
- Standards require that an individual taking the road test present proof of insurance, copies of relevant permits, and proof of registration. If that a customer does not bring these materials, CCRI cannot permit the test to be taken
- DMV would be able to provide the individual with these materials at the time of the test, allowing the test to go forward. Similarly, upon successful completion of the test, the DMV would be able to provide the license to the customer immediately

Article 3, §7 Division of Collections

- Permanently authorizes the Department of Revenue's Division of Collections
- Eliminates June 30, 2021 sunset date
- Current law does not permit unit operations in FY2022, the November 2020 Revenue Estimating Conference did not include revenues attributable to the Collections Unit in its estimates
- FY2022 Budget anticipates an additional \$1.4 million in revenue with the unit fully operational

Article 3, §7 Division of Collections

- Established in FY2019 as a 3 year pilot to improve the collection of delinquent debt revenue owed to State agencies
- Relies on agencies to voluntarily engage with it and enter into Memorandums of Understanding (MOUs) for its services
- Implementation began 7/1/18 and expires 6/30/21
- Required several months to fully operationalize and the first revenues collected occurred in January 2019.
- For FY2022, the Governor is recommending 8.0 FTE positions and a budget of \$828,769.

Article 3, §7 Division of Collections

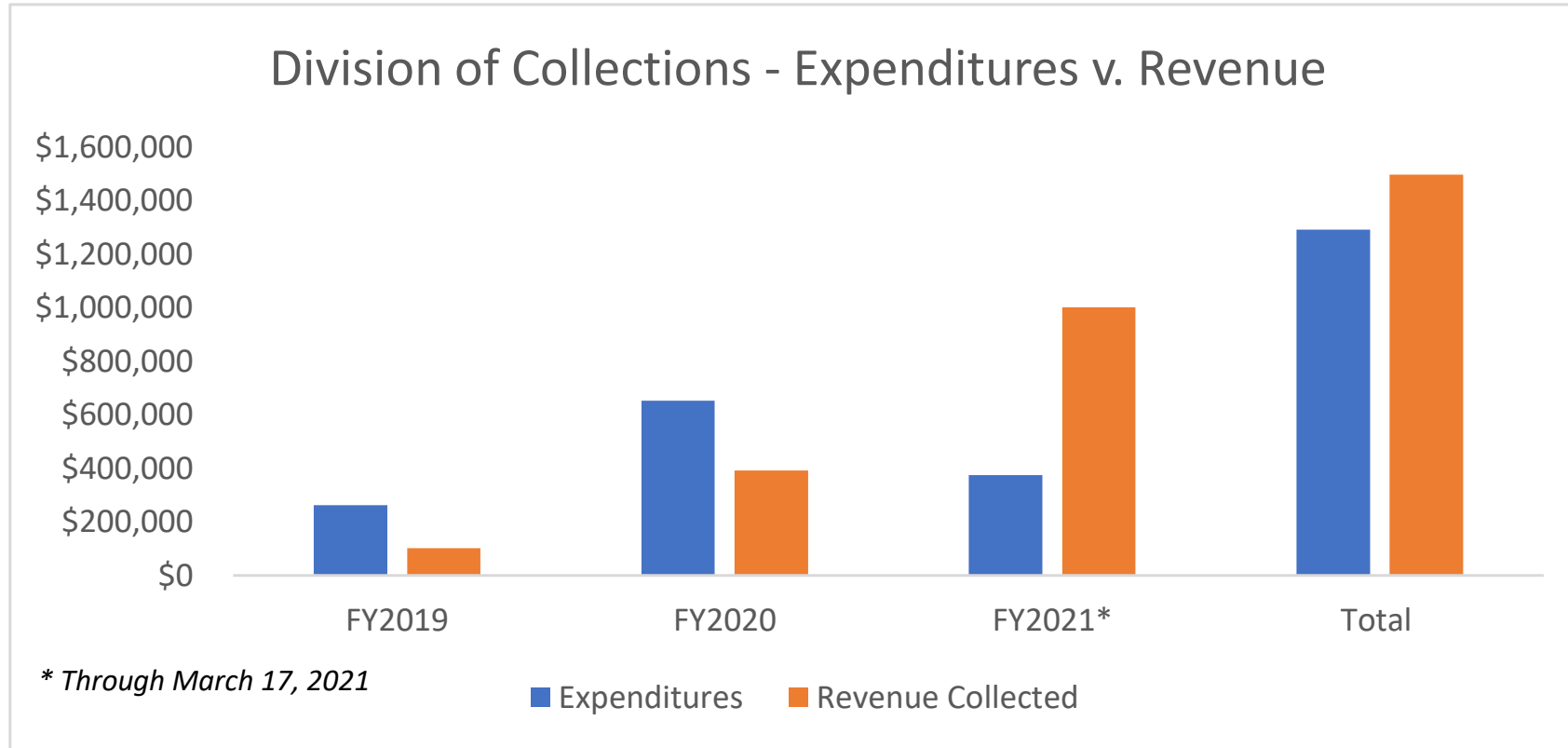
- Pilot to be the precursor to a fully mobilized collection's division.
- Evaluation report on the performance of the pilot to be issued by September 1, 2020 ([www.rilegislature.gov/fiscalnotes/2020 Central Collections Unit Performance Assessment.pdf](http://www.rilegislature.gov/fiscalnotes/2020%20Central%20Collections%20Unit%20Performance%20Assessment.pdf))
- November 2020 Revenue Estimating Conference, the DOR testified that since the pilot was established, 16 agencies had entered into 13 MOUs with the Division, \$725,843 in total revenue had been collected, and 85 court cases have been filed.

Article 3, §7 Division of Collections

Agency	Total Principal Debt Referred	Principal Collected in FY2021	Interest & Fees Collected in FY2021	Total Collected in FY2021
DLT	\$4,848,994	\$73,019	\$1,664	\$74,683
DEM	358,285	28,302	210	28,512
Ethics Commission	141,856	845	0	845
DOA	59,711	3,910	18	3,928
Commission for Human Rights	19,920	-	-	-
DOH	2,000	1,400	1	1,401
Traffic Tribunal	28,504,525	765,742	4	765,746
DCYF	190,480	-	-	-
SOS	4,512	50	-	50
DMV	1,277,722	65,106	3,035	68,140
EOHHS	197,443	59,202		59,202
Board of Elections	13,925	925	27	952
Taxation	2,830,252	-	-	-
Total	\$38,449,625	\$998,500	\$4,958	\$1,003,459

Source: DOR - FY2021 Data through March 17, 2021

Article 3, §7 Division of Collections



Article 6, §7 Sales Tax Permit

- Repeals \$10 application fee for sales tax permit
- Eliminates \$10 reinstatement fee for permits previously canceled, suspended, or revoked
- Provides Taxation discretion to establish renewal period
- FY2020: \$331,585 in sales tax permit fees or \$30,000 businesses
- Article 6 fiscal impact = \$331,585 loss in revenue

Article 6, §7 Sales Tax Permit

- Businesses that make sales at retail currently required to obtain a sales tax permit and renew it annually
- Includes lodging businesses that “rent living quarters in any hotel, rooming house, or tourist camp”
- Issued by Taxation, requires approved application and payment of a \$10 fee
- Renew annually by February 1
- Valid - July 1 through June 30, unless otherwise canceled, suspended, or revoked

Department of Revenue – FY2022

Expenditures By Program	FY2020 Actual	FY2021 Enacted	FY2021 Governor	Change from Enacted		FY2022 Governor	Change from Enacted	
Director of Revenue	\$2.0	\$1.9	\$48.7	\$46.7	2,402.0%	\$1.8	(\$0.1)	-6.6%
Division of Collections	0.7	0.8	0.8	0.0	0.3%	0.8	0.0	4.9%
Lottery Division	268.2	434.6	434.7	0.1	0.0%	434.4	(0.2)	0.0%
Municipal Finance	2.3	2.1	2.1	0.0	0.2%	1.7	(0.4)	-19.2%
Office of Revenue Analysis	0.8	0.9	0.9	0.0	0.3%	0.9	0.0	0.5%
Registry of Motor Vehicles	29.3	32.8	33.6	0.8	2.5%	32.0	(0.8)	-2.5%
State Aid	150.3	198.2	198.2	-	-	200.6	2.5	1.2%
Taxation	31.0	35.5	35.8	0.3	0.8%	34.2	(1.3)	-3.7%
Total	\$484.4	\$706.7	\$754.7	\$47.9	6.8%	\$706.4	(\$0.3)	0.0%
Expenditures By Source								
General Revenue	\$210.2	\$127.2	\$127.4	\$0.1	0.1%	\$267.2	\$140.0	110.0%
Federal Funds	1.7	138.1	185.7	47.5	34.4%	\$0.5	(137.6)	-99.7%
Restricted Receipts	3.2	5.6	5.8	0.2	3.7%	\$4.1	(1.4)	-25.6%
Other Funds	269.3	435.8	435.9	0.0	0.0%	\$434.5	(1.3)	-0.3%
Total	\$484.4	\$706.7	\$754.7	\$47.9	6.8%	\$706.4	(\$0.3)	0.0%
Authorized FTE Levels	602.5	602.5	602.5	-	-	574.5	(28.0)	-4.6%

\$ in millions. Totals may vary due to rounding.

Department of Revenue – FY2021

- FY2021 Revised:
 - \$754.7 million all funds
 - \$47.9 million more than the enacted level
 - \$270.2 million more than FY2020
- Large net all fund increases are primarily the result of pandemic-related spending changes affecting federal funds, general revenue, and lottery funds
 - 66.0% increase in Lottery prize payments as casino gambling activity increases with easing of pandemic restrictions
 - Net \$47.8 million increase in State Aid (\$88.7 GR savings/ \$136.5 million in federal CRF for municipalities)

Department of Revenue – FY2022

- Budget includes a net \$140.0 million increase in general revenue (\$339,595 all funds reduction) for the DOR and a net reduction of 28.0 FTE positions in FY2022.
 - Fully funds the next phase of the motor vehicle excise tax phase-out - \$139.7 million; \$27.3 million more than FY2021 (excluding CRF bonus funds)
 - Level funds the Payment in Lieu of Taxes (PILOT) program at \$46.1 million (excluding CRF bonus funds)
 - Transfers the Employer Tax Unit from DOR to the Department of Labor and Training along with \$1.5 million in Unemployment Insurance Funds and 35.0 FTE positions