

Transportation

Transportation spending, including the state's highway and transit programs, accounts for 6.0 percent of operating budget expenditures in the FY 2025 recommended budget. Nearly half of the expenditures in the five-year capital plan are for transportation projects, including roads and bridges, rail, and public transportation. Funding comes from major federal grants as well as user charges and other dedicated state sources. This report contains detailed information on these sources and how they have changed over time as well as a review of the formal process for capital project planning.

Transportation Planning Process

Federal law requires that a statewide transportation improvement plan covers a period of no less than four years. Federal regulations also require that the first four years of the plan must be fiscally constrained, whereby the projects in the plan may not exceed the anticipated funding that is reasonably expected to be available over the four-year timeframe. No highway or transit project can utilize federal funds unless it appears in an approved Transportation Improvement Program. In Rhode Island, the Transportation Improvement Program is a culmination of a public outreach process to all communities, public interest groups, and citizens by the agencies involved in transportation planning and project implementation.

Following the public solicitation process, highway projects are selected for inclusion in the Transportation Improvement Program by a 26-member public body known as the Transportation Advisory Committee using criteria based on five major categories: mobility benefits, cost-effectiveness, economic development impact, environmental impact, and degree of support to local and state goals and plans. Certain types of projects are reviewed by special public committees prior to selection. Once a plan has gone through the Committee process, it is sent to the Governor's Office for concurrence and then it is submitted to the Federal Highway Administration and the Federal Transit Administration for final approval.

The Transportation Improvement Program includes a category for traditional highway projects. These projects primarily involve either a full reconstruction of the existing roadway or construction of a new highway facility. Projects are considered for this category if they involve a roadway and major work where more than resurfacing is involved. The pavement management program is another category of high interest that allows the state to pursue the most cost-effective pavement treatment for roads throughout the state. The work includes pavement resurfacing, crack sealing, and micro surfacing as appropriate. Roadways included in the pavement management program include community requested projects and those identified in the Department's pavement management program. Inclusion in the Transportation Improvement Program list does not guarantee the project will be implemented.

Projects are selected for implementation by the Department of Transportation based on an evaluation using four sources of information: pavement management system data, public input-priority assigned by communities, input from the Maintenance Division, and staff field review. Roadways with the worst ratings are candidates for resurfacing. Final selection considers traffic volumes and the distribution of projects statewide to insure an equitable geographic distribution. Roadways selected must be eligible for federal funding, which means the road must be functionally classified. State roads are given priority, but local roads may also be included in the program based on factors such as regional significance of the road or support for an economic development or enterprise zone initiative.

Recent Program Revisions

The Department refers to its ten-year capital and operating plans as RhodeWorks. It is a comprehensive initiative with one component aimed at accelerating the replacement and reconstruction of state bridges with the goal of reducing the percentage of deficient bridges. Annually, the Department will propose

changes to the plan to make sure that projects are appropriately coordinated and that communities and constituents can have input. The federal FY 2018 through FY 2027 Transportation Improvement Program was approved in December 2017. Over a three-year period, a total of 30 amendments were added to it; 28 of these changes were minor in nature and were classified as administrative, and there were two major amendments. On January 25, 2019, the Department requested major revisions to the adopted plan, classified as Amendment #11. The amendment would “significantly redistribute funding to projects to cover increased construction costs, funding reductions, and align the program with Bridge and Pavement asset management priorities.” The Department subsequently submitted a request rescinding proposed changes included in the amendment. As such, two public hearings that were scheduled for the end of February to accept public comments on the proposed amendment were cancelled.

In July 2019, the Department proposed the other major amendment, classified as Amendment #19 to the Transportation Improvement Program. Solicitations for input were due on August 22 and two public hearings were held on August 13 and August 15. Among the proposed changes was the use of a \$70 million federal grant that the Department received. Of this amount, \$54.5 million is for the Henderson Bridge project. The amendment removed \$120.0 million from Rhode Island Capital Plan funds for paving projects that the Department had programmed but was never recommended by the Governor, nor approved by the Assembly. It added \$200.0 million of Grant Anticipation Revenue Vehicle (GARVEE) bonds that the 2019 Assembly approved for the Interstate 95 Northbound Providence Viaduct project. It also added \$20.0 million for the Pell Bridge Ramps Realignment project and \$2.8 million for preliminary engineering and an environmental assessment for an Amtrak stop at Rhode Island T.F. Green International Airport. All proposed changes were approved and adopted by the State Planning Council on August 29, 2019.

Transportation Improvement Programs		
FFY	Date Approved	Total Amendments
2022-2031*	September 9, 2021	11
2018-2027	December 14, 2017	30
2017-2025	September 8, 2016	3
2013-2016	February 28, 2013	7
2009-2012	August 14, 2008	13

**As of January 1, 2024*

In June 2021, the Department proposed the federal FY 2022 through FY 2031 plan, which went through the planning process and was adopted in September 2021. It contained \$8,244.7 million for transportation and transit projects and operations. Of this amount, \$3,575.9 million was included in the first four years of the plan, and \$4,668.9 million for the second half of the ten-year period. Funding for the plan in federal FY 2022 included \$505.5 million from federal funds, \$345.1 million from state sources, which included approved general obligation bonds, Rhode Island Capital Plan funds, gasoline tax proceeds, and highway maintenance funds. It assumed that the 2022 Assembly would authorize the issuance of \$34.8 million from revenue bonds, and programmed \$16.1 million and \$18.9 million for federal FY 2024 and FY 2025, respectively. Other funds included land sales, paratransit and passenger revenues generated by the Rhode Island Public Transit Authority and local match for projects.

Subsequent to adopting the plan, on November 15, 2021, President Biden signed the \$1.2 trillion Infrastructure Investment and Jobs Act into law. It authorizes the Federal-Aid Highway Program for federal FY 2022 through FY 2026. It contains increased funding for surface transportation and establishes new grant programs. Rhode Island will receive an average of \$354 million annually. The increase from federal FY 2021 to FY 2022 is approximately \$103 million; the state match for that amount would be \$20.6 million.

The table on the following page shows the Department’s annual allocation from MAP 2021, FAST Act and projections from the Infrastructure Investment and Jobs Act.

Federal FY	Federal Act	RI's Allocation	New: Bridge Replacement	New: Electric Charging Stations	Total	Required Additional Match
2015	Moving Ahead for Progress (MAP 21)	\$ 211,081,927				
2016		\$ 221,837,373				
2017		\$ 224,957,309				
2018	Fixing America's Surface	\$ 230,202,826				
2019	Transportation (FAST) Act	\$ 236,184,138				
2020		\$ 240,920,619				
2021		\$ 239,414,545				
2022		\$ 289,527,640	\$ 48,384,691	\$ 4,572,292	\$ 342,484,623	\$ 20,614,016
2023		\$ 295,322,648	\$ 48,384,691	\$ 4,572,292	\$ 348,279,631	\$ 21,773,017
2024	Infrastructure Investment & Jobs Act	\$ 301,233,552	\$ 48,384,691	\$ 4,572,292	\$ 354,190,535	\$ 22,955,198
2025		\$ 307,262,674	\$ 48,384,691	\$ 4,572,292	\$ 360,219,657	\$ 24,161,022
2026		\$ 313,412,378	\$ 48,384,691	\$ 4,572,292	\$ 366,369,361	\$ 25,390,963

In November 2021, the Department requested an amendment to the Transportation Improvement Program, which was classified as an “Administrative Adjustment.” It essentially adjusted funding for 31 projects in the federal FY 2022 through FY 2025 period, the constrained period without an overall increase in funding; however, a total of \$13.4 million was added in the latter year of the plan. The Department proposed a second amendment to the program on February 3, 2022, to incorporate funding it received from the Infrastructure Investment and Jobs Act. The amendment included changes to more than 150 projects and added \$550.1 million over the federal FY 2022 through FY 2025 period and \$197.6 million in the second part of the plan, for a total of \$748.4 million over the ten-year period. Projects were advanced from the later years, reflecting the availability of funding. The amendment was available for public comment through February 14 and it was approved on February 17.

As part of his FY 2022 revised budget, the Governor recommended \$100.0 million from general revenues be transferred to the Rhode Island Capital Plan Fund to be used as the state match for additional transportation projects authorized under the Infrastructure Investment and Jobs Act for both the Department and the Rhode Island Public Transit Authority for two years. As the table above shows, the additional match for federal FY 2022 and FY 2023 required \$42.4 million, suggesting that a great portion of the new matching funds are for discretionary projects.

The 2022 Assembly concurred with the Governor’s subsequent request to adjust expenditures, reflecting updated discretionary grant awards and earmarked funds. The amendments added \$10.0 million from Rhode Island Capital Plan funds to match \$40.0 million from federal funds the Department received for bridge replacement projects and reduced previously recommended funds by \$6.0 million for a project not approved, for a net increase of \$3.9 million.

For the Rhode Island Public Transit Authority, the amendment removed \$4.9 million for a project not approved by the Federal Transit Administration, and added a \$1.0 million match for the Newport Bus Facility. This resulted in a net reduction of \$3.9 million. Of the \$100.0 million Rhode Island Capital Plan funds allocation, \$75.3 million is for the Department, with the Authority receiving \$24.7 million. Based on project delays, the 2023 Assembly shifted a total of \$14.6 million from the Authority’s allocation of the Rhode Island Capital Plan Fund from FY 2023 and FY 2024 to FY 2025 and FY 2026. The Authority’s FY 2025 capital budget request allocates a total of \$13.3 million of these funds to six other projects. The Governor does not concur and maintains funding in the approved project. The recommendation assumes use of \$10.5 million for FY 2024 revised, \$11.2 million for FY 2025, and \$1.6 million for FY 2026.

The following table includes program and funding for the amended Transportation Improvement Program, which reflects the adoption of 11 amendments through January 1, 2024.

Programs*	FFY	FFY	FFY	FFY	FFY 2022-	FFY 2026-	Total
	2022	2023	2024	2025	FFY 2025	FFY 2031	FFY 2022- FFY 2031
Active Transportation	\$ 19.5	\$ 29.3	\$ 28.7	\$ 37.4	\$ 115.0	\$ 206.5	\$ 321.5
Bridge	158.4	178.1	176.3	198.3	711.1	1,160.6	1,871.7
Corridor Projects	1.3	9.6	18.9	30.3	60.1	220.8	280.9
Debt Service	113.4	116.2	116.1	112.4	458.1	649.9	1,108.0
Headquarters Operations	47.6	46.4	44.8	47.1	185.9	286.9	472.8
Maintenance Operations	76.5	80.0	80.5	81.2	318.2	478.2	796.4
Major Capital Projects	191.1	241.9	238.6	225.2	896.8	750.0	1,646.8
National Highway Traffic Safety							
Admin.	9.1	9.1	9.1	9.1	36.3	54.5	90.8
Pavement	103.3	120.6	106.6	88.7	419.2	338.6	757.8
Stormwater	16.8	15.7	11.0	10.0	53.5	60.0	113.5
Study and Development	17.4	15.6	15.5	15.6	64.0	66.3	130.4
Traffic Safety	58.8	32.9	34.0	38.3	164.0	213.2	377.2
Transit	35.4	34.7	30.5	22.5	123.0	181.2	304.2
DOT	\$848.7	\$ 930.0	\$ 910.5	\$ 915.9	\$ 3,605.2	\$ 4,666.7	\$ 8,271.9
Transit Capital	\$ 11.3	\$ 86.3	\$ 21.2	\$ 23.2	\$ 142.0	\$ 130.1	\$ 272.0
Transit Service	21.7	14.3	17.7	14.3	67.9	91.7	159.6
Transit Support Operations	106.6	130.8	118.5	123.4	479.3	661.6	1,141.0
RIPTA	\$139.6	\$ 231.4	\$ 157.4	\$ 160.8	\$ 689.2	\$ 883.4	\$ 1,572.6
Turnpike & Bridge Authority	\$ -	\$ 0.2	\$ 23.0	\$ 58.9	\$ 82.1	\$ 120.1	\$ 202.2
Total	\$988.3	\$1,161.6	\$1,091.0	\$1,135.5	\$ 4,376.5	\$ 5,670.2	\$10,046.7

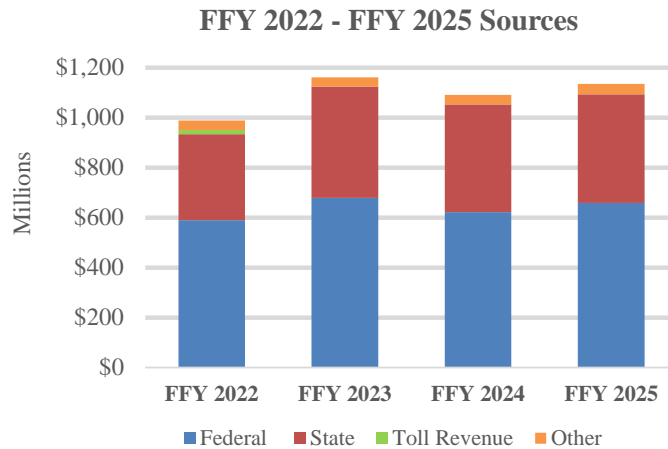
\$ in millions

*As of January 2024

Expenses in federal FY 2022 through FY 2025 have increased by \$838.6 million from the plan that was originally adopted in September 2021, which predates the passage of the Infrastructure Investment and Jobs Act. For the Department, an additional \$701.3 million has been added, including \$221.3 million for paving, \$193.5 million for bridge, and \$58.9 million for active transportation projects. The various amendments have added another \$17.2 million for the Rhode Island Public Transit Authority, primarily for transit capital.

Amendment 10 added project expenses for the Rhode Island Turnpike and Bridge Authority, which had not previously received major federal funding. In September 2022, the Authority was awarded an \$82.5 million federal grant to reconstruct the Newport Pell bridge, including deck replacement, dehumidification to reduce moisture to prevent corrosion, security improvements, and repairs to the tower elevators. The grant requires that these funds be included in the Transportation Improvement Program. That project cost is \$137.5 million; the awarded amount funds 60.0 percent of the project cost; as with most transportation projects, a match is required.

The following chart shows the Department's funding sources for the first part of the ten-year period for the amended Transportation Improvement Program.



On September 21, 2022, the U.S. District Court ruled that the tolling program was unconstitutional and ordered the Department to stop collections within 48 hours of the ruling. Collections ceased that same evening. The Department submitted its FY 2023 first quarter report on October 28, 2022, stating that “no active construction projects will be impacted.” The state is appealing the decision.

The Governor’s revised and FY 2024 recommended budgets submitted on January 19, 2023, included an additional \$183.3 million of state support for transportation funding. Of this amount, \$70.0 million was to backfill lost toll revenues, based on three quarters of revenues for FY 2023 and a full year for FY 2024. It also included \$87.8 million to provide more years of state match for federal infrastructure funds. The state’s gasoline tax was projected to increase by \$0.03 to \$0.38, effective July 1, 2023, while the Department’s budget request assumed only a one-cent increase. The Governor proposed legislation pausing the inflation indexing for two years and recommended \$24.6 million from Rhode Island Capital Plan funds to replace the foregone revenues. Pertaining to the Highway Maintenance Account, the fee for duplicate licenses was increased and retained as general revenues. As part of his FY 2024 recommended budget, the Governor proposed the estimated \$1.0 million from these fees be transferred to the account consistent with other similar fees. Net of current law allocations, the Department will receive \$0.9 million, annually. The Assembly concurred with the fee shift but not the gas tax change. It maintained the gas tax at current law and included \$24.6 million from gas tax proceeds for capital projects, instead of Rhode Island Capital Plan funds.

Electric Vehicle Charging Infrastructure Program. The Infrastructure Investment and Jobs Act authorized a National Electric Vehicle Infrastructure Formula Program, with the goal of establishing a nationwide network of 500,000 electric vehicle chargers by 2030. The 2022 Assembly concurred with the Governor’s proposal to create an Electric Vehicle Charging Infrastructure Program in state law. The program is funded with \$22.9 million from federal funds through federal FY 2026, and matching funds of \$4.6 million from Rhode Island Capital Plan funds. The program is being administered by the Department of Transportation and the Office of Energy Resources, with consultation from the Department of Environmental Management.

The state submitted its plan for uses of the funds on July 2022 and it received federal approval on September 14. It assumed \$8.3 million to construct 7 to 14 stations in the Providence metropolitan area, and annual operating costs of \$0.1 million per station for five years and \$3.8 million to upgrade two existing fast charging stations along I-95 and operating expenses. It also reserved \$2.0 million for Route 146, \$6.6 million for the southern coastal routes to accommodate seasonal rentals, \$0.5 million for data collection and analysis, and \$1.8 million for workforce development, public awareness and other initiatives.

Reflecting project delays with procurement of construction and equipment, funds included in the FY 2023 final budget were not expended. The 2022 legislation also required a report to the Governor and the General

Assembly, by December 31, 2023, and annually thereafter until all the funds are used. The first report was submitted on January 1, 2024, and reported expenses of \$0.1 million.

Bridge Replacement. Another category for new formula funding authorized under the Infrastructure Investment and Jobs Act is the Bridge Replacement, Rehabilitation, Preservation, Protection and Construction, for which the act provides a total of \$27 billion over five years. The program is expected to help repair approximately 15,000 highway bridges nationwide.

Transportation Funding Reform

Transportation funding on the state and national levels began to pose greater problems to governments as the cost of maintaining and replacing infrastructure outpaced the revenue sources historically used to support them. Rhode Island’s transportation funding plan relied heavily on debt and federal funds. Additionally, the state’s gas tax was the primary source to repay debt costs, with the remainder available for all maintenance activities, including highway preservation. As the following table illustrates, the per penny gasoline tax yield has fluctuated but generally declined.

Fiscal Year	Per Penny Yield	Fiscal Year	Per Penny Yield
2008	\$4,513,744	2016	\$4,479,185
2009	\$4,327,710	2017	\$4,417,413
2010	\$4,289,568	2018	\$4,493,241
2011	\$4,210,324	2019	\$4,637,224
2012	\$4,205,959	2020	\$4,135,558
2013	\$4,137,712	2021	\$4,074,036
2014	\$4,236,402	2022	\$4,294,775
2015	\$4,396,313	2023	\$4,324,056

Declining gasoline tax revenue was one of the contributing factors to stagnant transportation funding. Beginning in 2011, the Assembly identified and addressed two of the major issues affecting the Department of Transportation: over reliance on debt and a limited amount of funding sources. In order to increase the amount of revenue for use by the Department, the state moved from its traditional financing model for matching federal funds to a pay-go model by establishing motor vehicle fee surcharges that would be transferred to the Highway Maintenance Account for use as a portion of the state’s match. These funds, combined with Rhode Island Capital Plan funds provide the approximate \$40 million of annual match for federal funds, which was historically generated through borrowing which ended, making 2010 the last year of general obligation bonds for this match.

The 2014 Assembly made several additional changes to transportation funding in order to address concerns regarding the use of tolls, gasoline tax and Division of Motor Vehicles fees, while meeting the infrastructure needs of the state. Those changes to transportation funding were a culmination of efforts, which began when the 2013 Assembly created the Joint Commission to Study Transportation Funding. The Commission met from September through December 2013 and submitted its findings in January 2014. During the 2014 session, both chambers of the Assembly proposed legislation that combined many elements discussed during those meetings, including changes to funding sources and transportation governance.

The 2014 legislation transferred new revenue sources, as well as existing general revenues, into the Highway Maintenance Account for the Department to use for costs related to maintenance and repairs to highways, roads, and bridges. New sources included an increase in the inspection fee from \$39 to \$55 and the addition of a \$25 surcharge to the good driving dismissal fee. The legislation also established a schedule to transfer the majority of other transportation related fees that were previously deposited as general revenues. Inspection fees and good driver dismissals were transferred beginning in FY 2015, and the

remaining revenues were transferred incrementally, beginning with 25.0 percent in FY 2016, 75.0 percent in FY 2017, and all in FY 2018.

The 2014 legislation also indexed the gasoline tax to the Consumer Price Index every other year, rounded to the nearest cent. Additional sources included the utilization of \$25 million of unallocated bond proceeds to bridge the funding gap that occurred as the fee transfers from general revenues were phased in. The unallocated bonds that dated back before FY 2000 were revealed following a FY 2014 review of bond proceeds as their use as federal match was ending. Additional Rhode Island Capital Plan funds were allocated to stabilize the annual funding.

The 2014 Assembly also transferred 3.5 cents of gas tax to the Turnpike and Bridge Authority to be used in lieu of tolls that would have been used for operations and maintenance of the new Sakonnet River Bridge and other bridges under the Authority's purview. The Authority maintains ownership of the four bridges it currently operates. The legislation also transferred 5.0 percent of funding from the surcharges enacted in 2011 and motor vehicle fees to the Rhode Island Public Transit Authority to support its operations beginning in FY 2016. This amount was initially projected to be \$2.7 million in FY 2016 and grow with increasing amounts of revenue into the fund. The state also reduced the amount of debt service paid by gas tax revenues through the targeted use of general revenues, as well as the restructuring of debt to make debt service payments more consistent. As part of the debt restructuring, \$9.3 million of general revenues was used to pay a portion of the Department's debt service in FY 2014. For each year thereafter, general revenues used for this purpose increased in \$10 million increments until FY 2018. The 2014 Assembly shifted debt service expenses from general revenues to funds available in the Highway Maintenance Account. This was part of the plan to align spending on transportation related costs with revenue raised from transportation sources.

The following table shows remaining debt service for the Department. It should be noted that general obligation debt service is included in the Department of Administration's budget.

Fiscal Year	2003 & 2016		Outstanding			
	GARVEE Issuance	2020 GARVEE	Federal Funds Debt Service	Motor Fuel Revenue Bonds	Outstanding G.O. Debt*	Total Debt Service
2024	42,501,250	23,311,750	65,813,000	5,358,750	34,103,952	105,275,702
2025	42,501,000	19,933,000	62,434,000	4,883,500	31,799,805	99,117,305
2026	42,500,250	19,930,750	62,431,000	4,885,500	31,908,963	99,225,463
2027	42,500,250	19,933,250	62,433,500	1,606,500	26,568,940	90,608,940
2028	42,502,000	19,929,000	62,431,000	-	26,046,003	88,477,003
2029	42,501,250	19,932,000	62,433,250	-	20,419,321	82,852,571
2030	42,494,750	19,939,500	62,434,250	-	20,414,342	82,848,592
2031	42,488,500	19,939,500	62,428,000	-	10,879,010	73,307,010
2032	-	19,928,500	19,928,500	-	11,340,458	31,268,958
2033	-	19,928,750	19,928,750	-	9,171,137	29,099,887
2034	-	19,933,000	19,933,000	-	7,684,474	27,617,474
2035	-	19,929,000	19,929,000	-	6,438,836	26,367,836
2036	-	-	-	-	5,624,237	5,624,237
2037	-	-	-	-	5,625,319	5,625,319
2038	-	-	-	-	5,625,805	5,625,805
2039	-	-	-	-	5,623,514	5,623,514
2040	-	-	-	-	5,626,126	5,626,126
2041	-	-	-	-	5,621,765	5,621,765
2042	-	-	-	-	3,348,249	3,348,249

*Net of general revenue share for FY 2017 restructuring

Fund Sources

The Department receives funding through four major sources: federal funds, gasoline tax proceeds, Rhode Island Capital Plan funds, and transportation-related fees collected by the Division of Motor Vehicles. This analysis will explain the individual fund sources as well as expenditures from these sources. The following table illustrates the fund sources used in the FY 2024 revised and FY 2025 recommended budgets, which essentially funds the Department at a current service level.

Source	FY 2023 Preliminary	FY 2024 Enacted	FY 2024 Revised	FY 2025 Recommended
Federal Highway Admin. Funds	\$ 333,446,576	\$ 269,998,557	\$ 257,992,309	\$ 260,704,559
Other Federal Funds	162,089,266	190,861,106	192,477,748	172,068,222
Gasoline Tax*	107,385,444	123,598,830	134,499,756	124,354,741
Motor Vehicle Fees	81,476,115	107,492,944	199,292,484	105,190,431
Toll Revenue	13,484,616	1,500,000	1,500,000	1,500,000
Rhode Island Capital Plan Funds	62,022,419	149,904,118	183,883,266	140,216,575
Restricted Receipts	(2,749,665)	6,210,256	6,116,460	6,116,969
Land Sale Revenue	3,202,194	8,023,299	5,375,614	6,568,333
Interstate 195 Land Sales	-	1,500,000	-	-
General Obligation Bonds**	-	[15,700,000]	-	[67,000,000]
Total	\$ 760,356,965	\$ 859,089,110	\$ 981,137,637	\$ 816,719,830

*Excludes gas tax debt service for DOT, RIPTA & costs for centralized services & consolidated initiatives in DOA

**Bond proceeds are not reflected in the Department's budget but are included for illustrative purposes

Federal Highway Administration Funds. On November 15, 2021, President Biden signed the \$1.2 trillion Infrastructure Investment and Jobs Act into law. It authorizes the Federal-Aid Highway Program for federal FY 2022 through FY 2026. It contains increased funding for surface transportation and establishes new grant programs. The Department's annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies. These funds appear in both the Department's capital and operating budgets. In the Department's capital plan, these funds appear in the project labeled Highway Improvement Program.

Rhode Island will receive an average of \$354 million annually. The increase from federal FY 2021 to FY 2022 is approximately \$103 million. The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. Federal funds earmarked for the Department's transit projects administered by the Federal Transit Administration are not included under this project but are included in the Fixed Guideway Project. Rhode Island Public Transit Authority projects using transit funds are included in the Authority's capital budget submission. The Highway Improvement Program is directed towards implementing the Department's capital program as identified in the Transportation Improvement Program.

Other Federal Funds. These federal funds that the Department receives are outside its annual allotment for highway improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Administration. They also may include funds received through other legislation adopted by Congress, such as stimulus funds.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, adopted in March 2020 provided \$25.0 billion for Transit Infrastructure grants to help transit agencies prevent, prepare, and respond to COVID-19. The Department received \$13.3 million; funds were allocated through existing formula grant programs and are available for use from January 20, 2020 until expended. The funds can be used for operational expenses of transit projects and there are no matching requirements. Through the end of FY 2023, \$12.1 million has been spent.

On December 27, 2020, President Trump signed into law the consolidated appropriations act for federal FY 2021 that contains \$10.0 billion for Highway Infrastructure Programs. Uses of these funds appear to be flexible and no state match is required. Eligible uses include preventative maintenance, operations, personnel, contractors, debt service payments, and coverage for revenue losses. The Department's portion of the funds will be \$54.3 million; \$24.1 million was spent in FY 2022 and \$30.1 million is included in the FY 2023 final budget. President Trump also signed into law a \$1.4 billion omnibus appropriations act for federal FY 2021. It included \$86.7 billion for transportation, \$553.0 million above the federal FY 2020 allocation. Of this amount, \$63.2 million was allocated to the Department; a 20.0 percent state match for use of these funds is required. The additional funds were used for ongoing projects.

These funds also include discretionary grants; from time to time, these funding opportunities become available. These funds are awarded on a competitive basis, with a state match required for their uses, and are for specific projects which are above the Department's annual federal funds allotment. The discretionary grants allow the Department to advance and/or enhance a project by adding traffic improvements, transit features, or security measures. The 2020 Assembly adopted legislation requiring the Department to report, on a quarterly basis, a list of all federal, discretionary, and any other grants that it has applied for and to identify any changes from its prior report. For grants that require a state match, the Department must identify if the source for the state's match is available under currently authorized funding.

The July 2023 Quarterly RhodeWorks Report identified two grant applications pending, requiring \$4.2 million for match, including \$0.4 million for the Northeast Corridor Regional Rail Plan for Rhode Island and Massachusetts, and \$3.8 million for Charging Ahead: Rhode Island Working Together for Electrification applications. The report also noted four upcoming grant applications for projects totaling \$663.0 million, including \$550.0 million for major rehabilitation and deck replacement of five bridges along Interstate 95 from Cranston to Providence; \$135 million for this project is already included in the Transportation Improvement Program. The Department notes that it is reviewing funding options for this project, including financing through Grant Anticipation Revenue Vehicle bonds.

It should also be noted that the Department's FY 2025 through FY 2029 capital budget request includes \$206.6 million from a source not yet identified to be used from FY 2027 through FY 2029 for the match requirement for federal discretionary grants. The Department indicated that this amount is intended to include all of its current state match shortfall, not limited to discretionary grants.

Gasoline Tax. The state's transportation funding is affected by its reliance on the gasoline tax and the revenue it yields. Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 32 cents per gallon, indexed to the Consumer Price Index every other year, rounded to the nearest cent, effective July 1, 2014. Additionally, Section 46-12.9-11 of the Rhode Island General Laws, establishes a one-cent environmental protection regulatory fee, half of which is deposited in the Intermodal Surface Transportation Fund. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gas tax proceeds are deposited into the Intermodal Surface Transportation Fund from which statutory transfers are made to the Department, Rhode Island Public Transit Authority, Rhode Island Turnpike and Bridge Authority, and the Department of Human Services for the elderly/disabled transportation program.

The distribution of proceeds derived from the gasoline tax remained the same from FY 2009 through FY 2015. However, as previously noted, FY 2016 was the first year the gasoline tax increased as a result of inflation; it increased by one cent to 34 cents and again to 35 cents for FY 2020. Inflation was not sufficient to increase the gasoline tax in FY 2022. For FY 2024, the gas tax increased by three cents to 38.0 cents, with 37.5 cents of that going towards transportation.

Entity	FY 2023 Reported	FY 2024 Enacted	FY 2024 Revised	FY 2025 Recommended	Chg. to Enacted
Department of Transportation	20.25	23.25	23.25	23.25	-
Rhode Island Public Transit Authority	9.75	9.75	9.75	10.54	0.79
Turnpike and Bridge Authority	3.50	3.50	3.50	3.50	-
Elderly Transportation	1.00	1.00	1.00	0.21	(0.79)
Underground Storage Tank Fund	0.50	0.50	0.50	0.50	-
Total (in cents)	35.00	38.00	38.00	38.00	-

The Governor's FY 2025 recommended budget proposes legislation to codify the current practice for the treatment of the proceeds from the 1-cent for elderly/disabled transportation services in state law by altering the division of that one cent among the program entities. The Office of Healthy Aging provides 79.0 percent of the proceeds to the Rhode Island Public Transit Authority to purchase transportation services and retains 21.0 percent of the funds for non-emergency transportation expenses.

The following table shows how the New England states rank as of January 2023.

Tax - Cents Per Gallon		
<i>As of 1/1/2023</i>	<i>Gas</i>	<i>Diesel</i>
Rhode Island	35.0	35.0
Connecticut ¹	5.0	49.2
Maine	30.0	31.2
Massachusetts	24.0	24.0
New Hampshire	23.8	23.8
Vermont	33.0	32.0
New England Average	25.1	32.5
U.S. Average	29.5	32.6

Source: Federation of Tax Administrators

Prior publications used American Petroleum Institute; data no longer current

¹ *Phased in tax after gas tax holiday; 5 cents/month, reaching 25 cents 5/1/23*

Motor Vehicle Fees. FY 2014 was the first year of the phased-in vehicle surcharge fees, including a \$10 surcharge on biennial vehicle registrations, a \$5 surcharge on annual vehicle registrations and a \$10 surcharge on operator licenses, purchased on a five-year basis. The following table summarizes the incremental fee increases.

Fiscal Year	Biennial Registration Fee	Annual Registration Fee	License Fee
2013	\$ 60.00	\$ 30.00	\$ 30.00
2014	\$ 70.00	\$ 35.00	\$ 40.00
2015	\$ 80.00	\$ 40.00	\$ 50.00
2016	\$ 90.00	\$ 45.00	\$ 60.00

The biennial registration surcharge increased in \$10 increments to a total of \$30, the annual registration surcharge increased in \$5 increments to a total of \$15, and the license surcharge increased in \$10 increments to a total of \$30 beginning in FY 2014 and ending in FY 2016. These fees are transferred to the Department for use as a portion of the state match for federal funds.

In addition to the surcharges, portions of other fees collected by the Division of Motor Vehicles are

dedicated to the Department. The Assembly adopted Article 21 of 2014-H 7133, Substitute A, as amended, which allocated new revenue sources, as well as transferred existing sources previously deposited into general revenues into the Highway Maintenance Account for costs related to maintenance and repairs of highways, roads and bridges.

The following table shows revenue derived from the surcharges through FY 2023 and projected for FY 2024 and FY 2025. As those are flat fees, there is little change from year to year.

Fiscal Year	Biennial Registrations	Annual Registrations	Licenses	Total
2014	\$ 3,817,669	\$ 791,140	\$ 1,260,140	\$ 5,868,949
2015	\$ 7,611,636	\$ 1,989,693	\$ 3,098,765	\$ 12,700,094
2016	\$ 10,557,994	\$ 3,905,012	\$ 6,978,578	\$ 21,441,584
2017	\$ 10,653,395	\$ 3,940,297	\$ 4,773,270	\$ 19,366,962
2018	\$ 10,380,521	\$ 3,839,371	\$ 4,957,571	\$ 19,177,463
2019	\$ 10,632,930	\$ 3,932,728	\$ 5,131,315	\$ 19,696,973
2020	\$ 10,249,974	\$ 3,791,086	\$ 5,140,119	\$ 19,181,179
2021	\$ 10,679,944	\$ 3,999,535	\$ 4,684,964	\$ 19,364,443
2022	\$ 10,459,504	\$ 3,868,584	\$ 4,901,874	\$ 19,229,962
2023	\$ 10,898,560	\$ 3,829,224	\$ 5,083,918	\$ 19,811,702
2024	\$ 11,028,897	\$ 3,875,018	\$ 5,144,717	\$ 20,048,632
2025	\$ 11,334,873	\$ 3,982,523	\$ 5,287,448	\$ 20,604,844

Those sources were in addition to the vehicle emission inspection fee increase from \$39 to \$55, the transfer of rental car surcharges, and the addition of a \$25 surcharge for good driving dismissals. The legislation also established a schedule to transfer the majority of all other transportation related fees currently collected by the Division of Motor Vehicles to the Highway Maintenance Account. The inspection fee, the good driver dismissal surcharge, and car rental surcharges were transferred as of FY 2015, and the remaining revenues were transferred incrementally beginning with 25.0 percent in FY 2016 and 75.0 percent in FY 2017, with all of the funds being transferred in FY 2018.

The 2017 Assembly amended the distribution of the Highway Maintenance Account to require transfers of 50.0 percent for FY 2017 and 80.0 percent for FY 2018. It also amended the disposition of the Highway Maintenance Account to provide the Authority with an additional \$5.0 million in each FY 2018 and FY 2019. This is in addition to the 5.0 percent share that the Authority received. The 2018 Assembly concurred with the Governor’s proposal to further alter the transfer from 80.0 percent to 60.0 percent for FY 2018. All funds collected in FY 2019 and after would be transferred to the account.

Governor Raimondo proposed legislation in Article 8 of 2019-H 5151 to provide the Authority with an additional \$5.0 million from the Department’s share of the Highway Maintenance Account for FY 2020. The legislation also proposed that the Department reimburse the Division of Motor Vehicles for costs of certain employees involved in the collection of fees going into the account. The Assembly concurred with the recommendation to use a portion of highway maintenance funds to offset the cost of collections by retaining 5.0 percent of total resources rather than allowing for administrative discretion. The Assembly also adopted legislation to permanently provide the Authority with an additional \$5.0 million annually.

Governor McKee proposed legislation in Section 7 of Article 2 of 2021-H 6122, allowing “federal coronavirus relief funds” to be counted toward the fixed \$5.0 million minimum allocation of highway maintenance funds dedicated to the Rhode Island Public Transit Authority to help support the free fare program for low income seniors and persons with disabilities. The Department received \$13.3 million from federal CARES Act funds for operational expenses of transit projects to be used from January 20, 2020

until expended. The FY 2021 revised and FY 2022 recommended budgets shifted \$7.1 million of these funds to the Authority, which made \$7.1 million of additional funding available to the Department for state match on capital projects. The Authority’s share of the CARES Act federal transit fund allocation was \$91.2 million. Subsequently, the Department revised the assumption on the total that would be made available for state match. A total of \$8.6 million was transferred to the Authority, including \$3.5 million for FY 2022, \$3.4 million for FY 2021, and \$1.4 million for FY 2020.

The following table shows the sources and the total including surcharges explained previously.

Source	FY 2023 Preliminary	FY 2024 Enacted	FY 2024 Revised	FY 2025 Recommended
Inspection Sticker Increase	\$ 13,951,252	\$ 14,437,523	\$ 14,118,096	\$ 14,509,776
Title Fees	9,943,761	11,627,500	10,062,679	10,341,849
Rental Car Surcharge	9,204,380	4,355,828	4,403,769	4,605,965
Good Driving Surcharge	343,905	315,988	343,905	343,905
License and Registration Transfer	55,873,477	55,190,748	54,941,511	54,784,091
Surcharges	19,811,702	21,565,355	20,048,632	20,604,844
Total	\$ 109,128,477	\$ 107,492,942	\$ 103,918,592	\$ 105,190,430
5.0 Percent for Collection Cost	(5,456,424)	(5,374,647)	(5,195,930)	(5,259,522)
Total	\$ 103,672,053	\$ 102,118,295	\$ 98,722,662	\$ 99,930,908

Does not include carry-forward funds

The 2023 Assembly concurred with the Governor’s proposal to dedicate the fee for duplicate licenses into the account. The FY 2024 revised and FY 2025 recommended budgets include revenues consistent with the Office of Revenue Analysis’ November 2023 estimate.

Toll Revenue. At the end of May 2015, Governor Raimondo requested an amendment to her budget to permit the collection of tolls on large commercial trucks and authorize \$900 million of borrowing in order to provide \$700 million to partially fund the routes 6/10 connector project. Her plan was to ensure the number of structurally deficient bridges would be reduced to less than 10 percent in the next decade. The Rhode Island Turnpike and Bridge Authority would issue the debt. The House Finance Committee considered this proposal on June 2, 2015, but did not incorporate it into the FY 2016 budget. Separate bills containing a revised proposal were introduced on June 16 and 18 in the Senate and House, respectively. The House Finance Committee heard 2015-H 6321 on June 22 but took no further action. The Senate adopted a version of that legislation in 2015-S 997, Substitute A.

In October 2015, the Department proposed its ten-year plan, reflective of its capital budget. The program included \$500 million of borrowing matched by \$400 million of federal funds for the routes 6/10 connector project. Governor Raimondo signed into law the RhodeWorks legislation, contained in 2016-H 7409, Substitute A, as amended on February 11, 2016. The legislation also allowed the Department to borrow \$300 million through the GARVEE Program and refinance prior GARVEE debt. The legislation adopted by the Assembly did not include any bonds backed by toll revenue. The legislation authorizes tolling on large commercial vehicles. The total amount of tolls imposed upon the same individual large commercial truck for making a border-to-border trip through Interstate 95 Connecticut to Interstate 95 Massachusetts shall not exceed \$20. The daily maximum amount collected upon the same individual large commercial truck shall not exceed \$40. Tolls would be collected along six major highway corridors at 13 locations.

The following table shows toll revenues through the U.S. District Court’s ruling.

Fiscal Year	Toll	
	Revenues	Cumulative
2018	\$ 443,804	\$ 443,804
2019	\$ 8,109,772	\$ 8,553,576
2020	\$ 16,699,392	\$ 25,252,968
2021	\$ 34,761,828	\$ 60,014,796
2022	\$ 38,400,508	\$ 98,415,304
2023	\$ 5,349,488	\$ 103,764,792

The Department contracted with Kapsch TrafficCom to design, build, operate, and maintain the electronic tolling system for ten years. The total cost of the contract is \$68.9 million, including \$41.8 million for construction of the gantries and associated hardware and software, and \$27.1 million over 10 years for operation and maintenance. Through the U.S. District Court’s ruling, 12 out of the 13 gantries were collecting tolls; thus, the operation and maintenance clause of the contract was not executed.

As previously shown, the Department’s current plan does not assume any toll revenues in the out-years. The approved capital plan provided the Department with additional Rhode Island Capital Plan funds to backfill funds through FY 2024. The Department’s current plan suggests sufficient match through FY 2026.

Rhode Island Capital Plan Funds. These funds are appropriated according to the Department’s capital budget request and appear as other funds in the operating budget. Funds are used for projects such as storage and maintenance facilities, as well as upgrades to department-owned property, such as roof repairs or fire alarm installation. Beginning in FY 2013, approximately \$20 million from this source was included to be used as a portion of the state match for federal highway funds. These funds, combined with highway maintenance funds provide the \$40 million of annual match for federal funds, which was historically generated through borrowing.

The 2021 Assembly concurred with the Governor’s recommendation to provide the Department with an additional \$58.5 million from Rhode Island Capital Plan funds for state match based on a review of its shortfall in match for discretionary grants, including \$28.5 million for FY 2022 and \$25.0 million for FY 2023.

As part of his FY 2022 revised budget, the Governor recommended \$100.0 million from general revenues be transferred to the Rhode Island Capital Plan Fund to be used as the state match for additional transportation projects authorized under the federal Infrastructure Investment and Jobs Act for both the Department of Transportation and Rhode Island Public Transit Authority for two years. A subsequent amendment altered the agency allocation, reflecting known federal awards and earmarked funds received, with \$75.3 million for the Department and \$24.7 million for the Authority. The 2023 Assembly concurred with the Governor’s recommendation to add \$87.8 million for FY 2025 to provide more years of state match for federal infrastructure funds. A total of \$163.0 million from Rhode Island Capital Plan funds has been provided.

Additional IIJA Match	FY 2023	FY 2024	FY 2025	Total
2022 Assembly	\$ 2,945,000	\$ 67,108,800	\$ 5,204,560	\$ 75,258,360
2023 Assembly	-	-	87,697,500	87,697,500
Total	\$ 2,945,000	\$ 67,108,800	\$ 92,902,060	\$ 162,955,860

Restricted Receipts. The Department receives funds when it performs work for municipalities and other entities which are used to fund personnel costs for employees who perform work on the projects and track usage fees for the Rhode Island Public Rail Corporation. The 2021 Assembly adopted legislation allowing the Budget Officer to convert escrow liability accounts to restricted receipt accounts that were established prior to July 1, 2021, upon the directive of the Controller with the consent of the Auditor General. At the

end of FY 2023, the Intermodal Surface Transportation Fund included a restricted receipts account balance of \$0.7 million.

Land Sale Revenue. Sales of department-owned land can be used to purchase land and equipment or to offset operating costs throughout the Department, including personnel expenses. Funding is being used to upgrade the Department's materials testing facility in Providence. At the end of FY 2023, the Department had \$17.2 million in available receipts. The amended Transportation Improvement Program assumes use of \$5.9 million in federal FY 2022 to support miscellaneous departmental projects, programs and initiatives; \$5.0 million each in FY 2023 and FY 2026; and \$3.6 million in FY 2024.

Interstate 195 Land Sales. The sale of land was made available through the relocation of Interstate 195. The Department sold the land made available from the relocation to finance a portion of project expenses. The Assembly enacted 2011-H 5994, Substitute A, as amended, which provided that after the appraisal of the parcels, they would be purchased by the Economic Development Corporation through the issuance of bonds. The proceeds allowed the Department to complete the relocation project, while the Corporation sells the parcels at its own pace. The principal of \$38.4 million was originally amortized over a ten-year period, with a balloon payment of \$32.0 million due in FY 2023; however, the FY 2020 budget indicated the balloon payment was to be amortized for an additional ten years.

At the end of FY 2023, the Department had about \$5 million of these proceeds available. The Assembly concurred with the Governor's proposal to include \$35.0 million from general revenues for FY 2024 to pay down existing state debt obligations in order to achieve structural budget savings and this debt was chosen. The decision as to which debt would be defeased was done in conjunction with the state's financial advisors. In November 2023, the transaction occurred; it used the remaining proceeds and the debt was defeased.

General Obligation Bond Proceeds. The state had utilized general obligation bonds to provide a match totaling \$40.0 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue Bonds. The voters approved \$80.0 million in November 2006, 2008, and 2010 to provide \$40.0 million each year, with funding programmed through FY 2014. General obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by \$0.02 cents of the gasoline tax. Increasing amounts of motor vehicle fees and Rhode Island Capital Plan funds are being used as the state match in lieu of bonding; no new bonds had been authorized since 2010. The 2011 Assembly replaced borrowing with pay-go sources.

In July 2020, Governor Raimondo requested an amendment to add \$30.0 million of new general obligation bonds for voter approval to account for match shortfalls related to gas tax collections. The Assembly provided \$71.7 million of general obligation bonds for voter approval for the Department to make up for additional shortfalls in state match related to a decline in gas tax and other sources resulting from the coronavirus pandemic. The recommended capital budget assumes use of \$67.0 million for FY 2025 and \$4.7 million for FY 2026 from the 2021 bonds.

Other Funds. These funds are derived from the sale of department-owned surplus property and equipment, proceeds from the state infrastructure bank and proceeds derived from the sale of outdoor advertising at the Department's maintenance facilities.

Reporting

The RhodeWorks legislation that was adopted in 2016 requires the Department to provide quarterly reports on the progress and implementation of projects. The reports are due within 30 days of each fiscal quarter. They are due to the Office of Management and Budget, and House and Senate Fiscal advisors. The requirement was designed to assist with oversight on the progress of the work. This includes quarterly reporting on plans to issue contracts, costs, and completion dates in order to track adherence to the

aggressive goals of RhodeWorks. The Department must also report the number of workers hired through the contracts, including those with a Rhode Island address. The 2021 Assembly adopted legislation requiring the Department to report, on a quarterly basis, a list of all federal, discretionary, and any other grants that it has applied for and to identify any changes from its prior report. For grants that require a state match, the Department must identify if the source for the state's match is available under currently authorized funding. Since the adoption of the legislation, all reports have been submitted on time. The reports are also posted on the Department's website: <https://www.dot.ri.gov/accountability/index.php>.

Washington Bridge. The Department received a \$25.0 million federal discretionary grant toward a \$70 million project to rehabilitate the Washington Bridge. The bridge was built in 1969 and carries approximately 70,000 vehicles per day along I-195 between Providence and East Providence. The project includes replacement of the westbound section of the bridge, realigning ramps and adding more lanes to reduce congestion. The Department had assumed construction starting in 2021 and the current Transportation Improvement Program includes expenses of \$12.5 million for federal FY 2022. However, funds were not expended because the project was delayed. On December 11, 2023, the Department closed the westbound section of the bridge due to finding a critical failure of some bridge components. Its quarterly RhodeWorks report, dated January 30, 2024, notes that inspections and analysis of the Washington Bridge must be completed to determine the scope of work that must occur.