

Governor's FY 2017 Budget: Articles

Staff Presentation to the House Finance Committee
March 8, 2016

Introduction

- Article 1, Section 14
 - Resource Recovery transfer
- Article 15
 - Municipal Transparency Portal
 - Distressed Communities Refund Offset
 - Property Revaluations

Article 1, Section 14 – Resource Recovery Corporation

- Requires the payment of \$1.5 million to state general revenues in FY 2017
- Cash available from reserves
- Governor also proposed \$1.5 million last year; not adopted by Assembly
- Last transfer from RRC to the state occurred in FY 2012 - \$3.5 million

Article 1, Section 14 – Resource Recovery Corporation

- Current municipal tip fee \$32/ton through FY 2017
- RRC conducted formal rule-making process for future fees
 - Adopted new rule in January 2016
 - Currently estimates increasing tip fee from \$32/ton to \$47/ton – beginning FY 2018
 - First increase since FY 1994
- Surpluses and commercial fees have subsidized the municipal costs

Article 1, Section 14 – Resource Recovery Corporation

- Corporation estimates \$1.5 million transfer equates to additional \$5 increase in municipal tip fee
 - Offset revenue loss
 - \$1.5 million/300,000 tons municipal waste annually

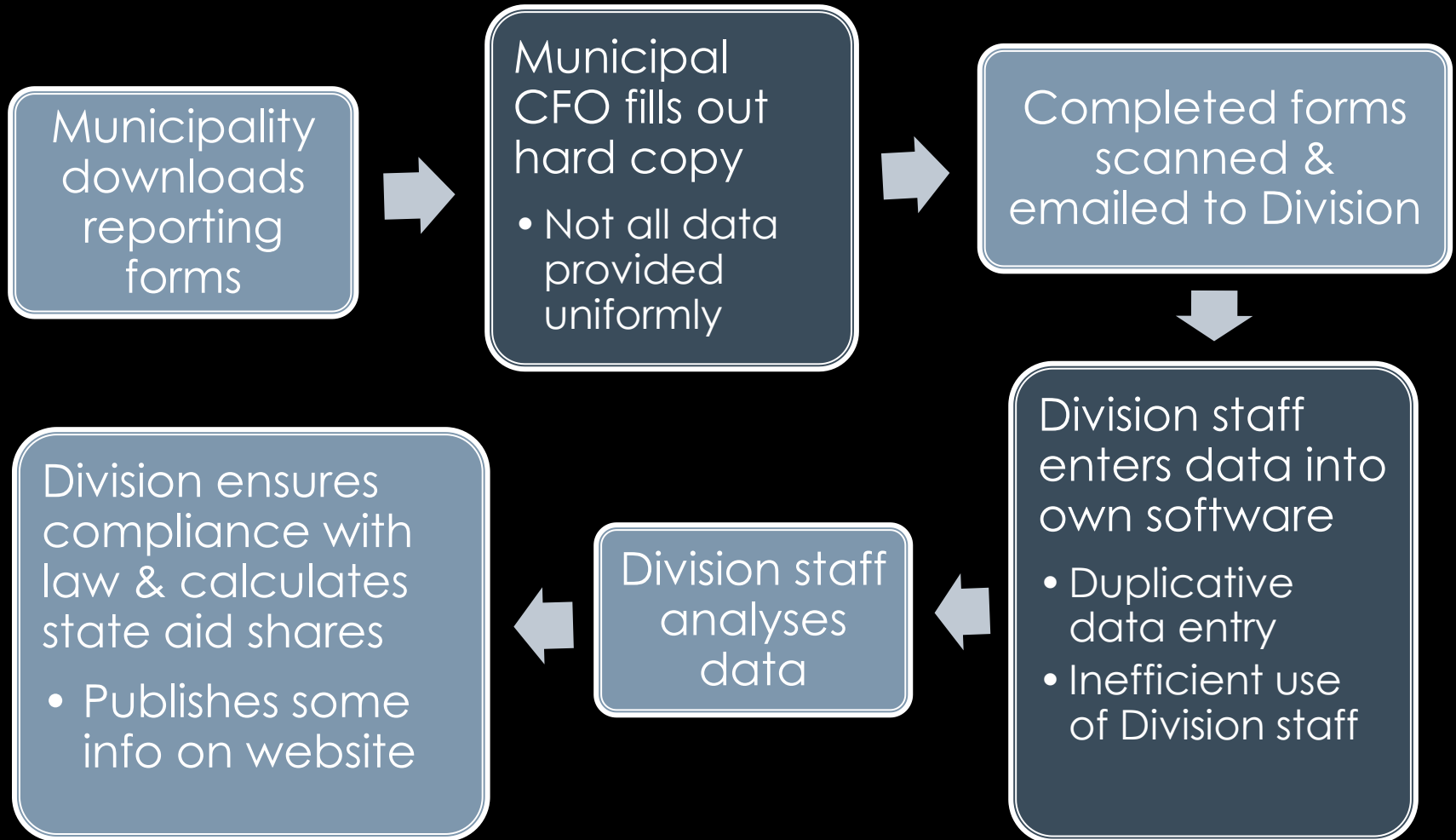
Article 15

Municipal Transparency Portal

- Current law –
 - Cities and Towns must provide quarterly financial statements to Division of Municipal Finance
 - Municipalities also provide property tax, and other information annually
 - Used to determine proportional shares of state aid
 - Statements in form determined by Division

Article 15

Municipal Transparency Portal



Article 15

Municipal Transparency Portal

- Governor proposes online interface for municipal finances
 - Overseen by Division of Municipal Finance
- Also reduces reporting quarterly reports to 3 per year
 - Budget-to-actual expenditures
 - 6th month, 9th month, 12th month
- No change to current law on annual audit

Article 15

Municipal Transparency Portal

- All data for general local aid programs would also be submitted via interface
 - Data municipalities already track and report
- Division to review and certify all information submitted via portal
 - Publish some data for public use (downloadable)

Article 15

Municipal Transparency Portal

- Article requires Division to draft annual transparency report for municipality
 - Municipality's executive officer, CFO, superintendent, & CFO for school system all sign off
 - Posted to municipal website within 10 days
 - Provided to state education commissioner, auditor general, council president, and school committee chair

Article 15

Municipal Transparency Portal

- Municipalities that don't use portal posted as delinquent on Division website and via portal
- Budget includes \$0.2 million from general revenues and 1.0 FTE for portal
 - \$0.1 million for software – existing software can be modified for Division requirements
 - \$0.1 million for position to manage portal

Article 15

Distressed Communities Refund Offset

- 2011 Assembly authorized Division of Taxation “Refund Offset” program
 - Allows state agencies and local governments to contract with Division to collect debts on their behalf
 - If a filer owes an outstanding debt to a state agency or local, Division diverts portion of state personal income tax return to the government entity
- 2014 Assembly included Fire Districts

Article 15

Distressed Communities Refund Offset

Participating Municipalities	CY 2012	CY 2013	CY 2014	CY 2015	Total
East Providence	\$ 0.0	\$ 0.3	\$ 0.2	\$ 0.2	\$ 0.8
Woonsocket	-	0.1	0.1	0.0	0.2
Bristol	-	-	0.0	0.0	0.0
West Warwick	-	-	0.1	0.1	0.2
Burrillville	-	-	0.0	0.0	0.1
Tiverton	-	-	0.0	0.0	0.0
Pawtucket	-	-	-	0.3	0.3
Richmond	-	-	-	0.0	0.0
Coventry	-	-	-	0.0	0.0
Total	\$ 0.0	\$ 0.4	\$ 0.4	\$ 0.7	\$ 1.5

in millions

Source: Division of Taxation, November 2015

Article 15

Distressed Communities Refund Offset

- Governor proposes distressed communities be required to participate in refund offset program
 - Sign up within 90 days of distressed notification
 - Division of Municipal Finance to determine what liabilities to be collected by Division of Taxation

Article 15

Distressed Communities Refund Offset

- Distressed Communities - \$10.4 million
 - Level funded since FY 2007
- Annual redistribution among communities based on index data
 - When municipality qualifies, 50% transition payment into program
 - When municipality no longer qualifies, 50% transition payment out of program

Article 15

Distressed Communities Refund Offset

Municipality	Qualifies for Distressed Payment	Participates in Refund Offset
Cranston	50.0% payment in	No
Central Falls	Yes	Yes
East Providence	50.0% payment out	Yes
North Providence	Yes	No
Pawtucket	Yes	Yes
Providence	Yes	Yes
West Warwick	Yes	Yes
Woonsocket	Yes	Yes

Article 15

Property Revaluations

- 1997 Assembly mandated scheduled property revaluations and statistical updates
- Revaluation captures fluctuations in fair market value so property owners aren't over or under-taxed
- Too much time between revaluations creates disparity in tax burden
 - Between types of property
 - Within and among cities and towns

Article 15

Property Revaluations

- Current Law – 9 year cycle
 - Statistical revaluations years 3 and 6
 - Full revaluation year 9
- State reimburses municipalities for cost of statistical updates only
 - Up to \$12/parcel
 - Up to \$16/parcel - distressed communities

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Property Revaluations

- Governor proposes a 15 year cycle
 - Statistical revaluations years 5 and 10
 - Full revaluation year 15

Current Law		Proposal	
State	Full Revaluation	State	Full Revaluation
NH	Every 5 Years	NH	Every 5 Years
RI	Every 9 Years	MA	At Least Every 10 Years
MA	At Least Every 10 Years	CT	Every 10 Years
CT	Every 10 Years	RI	Every 15 Years
ME	By vote	ME	By vote
VT	Comparison of valuation to list prices	VT	Comparison of valuation to list prices

Article 15

Property Revaluations

- Property Valuation Reimbursements -
 - FY 2016 - \$1.4 million
 - Full funding
 - Reimbursements to 15 communities
 - FY 2017 - \$0.6 million (estimated)
 - Full funding
 - Reimbursements to 7 communities
- Proposal impacts reimbursements beginning in FY 2018

Article 15

Property Revaluations

Municipalities' Scheduled Revaluations				
	Statistical		Full	
Calendar Year	<i>Current Law</i>	<i>Art. 15</i>	<i>Current Law</i>	<i>Art. 15</i>
2017	7	5	4	2
2018	14	8	4	3
2019	7	5	3	2

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