

Governor's FY 2019 Budget: Articles

Staff Presentation to the House Finance
Committee
February 13, 2018

Introduction

- Article 7
 - Section 1 – Securities Fees
 - Section 3 – Insurance Adjusters
 - Sections 4 through 6 – Municipal Police Training Academy
- Article 8 – DMV
- Article 10
 - Section 10 – Insurance Transfer
 - Section 11 – Commercial Licensing Transfer

Article 7, Sect. 1 – Securities Fees

- Increases annual fees for federally covered securities:
 - Established in 1997
 - 0.1% of maximum aggregate price; Minimum of \$300 and maximum of \$1,000
 - DBR's budget request proposed \$100 increase
 - Increases cap and renewal to \$1,500
 - Budget adds \$4.6 million in revenue from change
 - Appears to assume full year collections
 - Effective date August 1, 2018 – Governor requested amendment today to make that July 1

Article 7, Sect. 1 – Securities Fees

Open End Mutual Funds

State	Initial	Renewal
Rhode Island	\$1,000 per Mutual Fund	
RI – Article 7	\$1,500 per Mutual Fund	
Connecticut	\$500 per series or portfolio	
Massachusetts	\$2,500 per share class	\$1,250 per share class
Maine	\$1,000 each class or type	
Vermont	\$2,000 per share class	\$1,500 per share class

Article 7, Sect. 1 – Securities Fees

Closed End Mutual Funds

State	Initial
Rhode Island	0.1% of total offer \$300 - 1,000
RI – Article 7	0.1% of total offer \$300 - 1,500
Connecticut	0.1% of total offer \$500 Max
Massachusetts	0.05% of total offer \$300 - \$1,500
Maine	\$1,000 for each class or type
New Hampshire	\$500 per class and \$200 examination fee
Vermont	\$ 2,000 per share class

Article 7, Sect. 3 – Claims Adjusters Fees

- Increases adjusters' license fees :
 - Public, company, or independent adjusters
 - From \$150 to \$250, biennial renewal
 - Department proposed an increase of \$20
 - History of fee changes
 - Prior to 2007 - \$50, and application fee
 - 2007: Fee changed from \$50 to set by DBR
 - 2009: \$120, and application fee set by DBR
 - 2014: \$120 to \$150, and no application fee

Article 7, Sect. 3 – Claims Adjusters Fees

- Anticipated to generate \$3.0 million in new revenues
- Effective date January 1, 2019
- Revenues assume a full year of collections
- Governor requested an amendment today that would change effective date to July 1, 2018

Article 7, Sect. 3 – Claims Adjusters Fees

State	Initial	Renew	Adjusters
RI	\$ 150	\$ 150	Public, Independent, Corporate – 2 year
RI Art 7	\$250	\$250	Public, Independent, Corporate – 2 year
CT	\$300	\$250	Public – 2 year
MA	\$200	\$200	Individual – 3 year
	\$66.66	\$66.66	Per member Corporate – 3 year

Article 7, Sect. 4-6 – Municipal Police Training Academy

- Authorizes Municipal Police Training Academy to charge applicants:
 - Physical training test and tuition
 - Amount to be determined through rules & reg.
 - Collections would go into a restricted account
 - Support operating costs for Academy
 - If receipts are not sufficient; Assembly to make an appropriation
- Budget assumes receipts of \$0.3 million

Article 7, Sect. 4-6 – Municipal Police Training Academy

- Training Program
 - Generally \$1,500 - \$5,000
 - 20 hrs. or more per week
 - 20 plus weeks program
- Massachusetts charges \$3,000/student
 - A municipality may sponsor an individual
- Legislation also repeals the prohibition on charging cities and towns

Article 7, Sect. 4-6 – Municipal Police Training Academy

- Deletes obsolete current law
 - Municipal Police Training Academy be maintained by the state & be located at URI
 - At CCRI in Lincoln since 1981
 - Academy will consolidate operations in Camp Fogarty in East Greenwich
 - Budget assumes savings of \$19,475 from lease payments

Article 8, Section 1 – License Plate Issuance Delay

- Delays the mandatory reissuance of fully reflective license plates
 - January 1, 2019 to January 1, 2020
 - Reprioritization of system resources and programming for Real ID compliance
- As with prior years, the budget shifts expected revenues and expenditures to coincide with the new schedule

Article 8, Section 1 – License Plate Issuance Delay

- State law requires reissuance of plates every 10 years
 - Last full reissuance was “Wave” plates done over 1996 and 1997
- This would be 6th postponement

Assembly	Current Date	New Date
2011	9/2011	9/2013
2013	9/2013	9/2015
2015	9/2015	7/2016
2016	7/2016	4/2017
2017	4/2017	1/2019
2018 –Art 8	1/2019	01/2020

Article 8, Section 1 – License Plate Issuance Delay

- No change to issuance plan:
 - At the time of initial registration
 - Upon registration renewal
- Expenditures expected to be \$10.7 million over 24 months
 - Partially offset by \$5.2 million in revenues from charges for new plates
 - \$6.00 per set cost in statute - unchanged

Article 8 – Section 2 – Driver's License Update Fees

- Eliminates the lower, \$5 fee for routine information updates
 - All updates would be subject to current \$25 fee for duplicates
 - Change assumed to generate \$1.0 million
 - Section 3 exempts this fee and duplicate permits from Highway Maintenance Account transfer
 - Connected to Real ID compliance rollout
 - Budget also adds \$2.1 million for 32 new FTE for Real ID implementation funded from increased revenues

Article 8, Section 3 – Highway Maintenance Account

- Reduces transfer of fees collected by DMV to Highway Maintenance Account
 - From 80% to 60%
- FY 2018 Revised Budget assumes additional revenues of \$10.3 million from proposal
- 100% transfer for FY 2019
 - Permanently excludes duplicate license fees from transfer
 - Expected uptick duplicates from REAL ID

Article 8, Section 3 – 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, Section 3 – Highway Maintenance Account

- 2014 Assembly adopted Article 21
 - Transferring motor vehicle related fees to the Highway Maintenance Account
 - Incremental transfers phase-in over 3yrs.
 - FY 2016 – 25%
 - FY 2017 – 75%
 - FY 2018 – 100%
 - Part of larger plan to address transportation funding and long term maintenance issues
- RIPTA receives 5%

Article 8, Section 3 – Highway Maintenance Account

	2014 Assembly	2017 Assembly	Article 8 Proposal
FY 2016	25%	25%	25%
FY 2017	75%	50%	50%
FY 2018	100%	80%	60%
FY 2019		100%	100%

- 2017 Assembly also provided RIPTA with an additional \$5.0 million
 - Reinststate bus pass program
 - Cover debt service

Article 8, Section 3 – Highway Maintenance Account

	FY 2016	FY 2017
Prior Year Receipts	\$ -	\$26.8
New Receipts	57.2	71.8
Available	\$57.2	\$98.6
Spent	\$30.4	\$36.2
Balance	\$26.8	\$62.4

In millions

Article 10, Sec. 10 & 11, – Dept. of Business Regulation Transfers

- Budget transfers excess funds from two accounts used to recapture regulatory costs
 - \$750,000 from Insurance Regulation
 - \$800,000 from Commercial Licensing, Gaming and Athletics

Article 10, Sec. 10 & 11, – Dept. of Business Regulation Transfers

- Insurance Regulation
 - Industry Assessment for actuary costs
 - DBR statutorily required to review insurer filings
 - Assessment paid by insurers
 - Licensed actuaries contracted to make the determination
- Commercial Licensing, Gaming and Athletics
 - Third-party reimbursement account

Article 10, Sec. 10 & 11, – Dept. of Business Regulation Transfers

- Projections based on 4-year historical revenues and expenditures

	Begin Balance	Rev.	Exp.	Balance	Transfer	End Balance
Comm. Licensing	\$1,287.9	\$469.3	\$288.1	\$1,469.1	(\$800.0)	\$669.1
Insurance regulation	\$1,103.4	\$670.3	\$544.5	\$1,229.1	(\$750.0)	\$479.1
<i>\$ in Thousands</i>						

Governor's FY 2019 Budget: Articles

Staff Presentation to the House Finance
Committee
February 13, 2018
