

# Governor's FY 2020 Budget: Articles

Staff Presentation to the House Finance  
Committee  
February 27, 2019

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# Introduction

- Article 5, Section 6
  - Municipal Tax Registration Block
- Article 7
  - Motor Vehicles
- Article 8
  - Transportation

# Article 5, Section 6 – Municipal Tax Registration Block

- 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

# Article 5, Section 6 – Municipal Tax Registration Block

- 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 Surcharge

- 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 Surcharge

- 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 \$.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– Technology Surcharge

- 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 6<sup>th</sup> 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

<b>Assembly</b>	<b>Current Date</b>	<b>New Date</b>
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	1/2019	01/2020
2019 – Art 7	01/2020	<i>Repeal</i>

# 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

	<b>2014 Assembly</b>	<b>2017 Assembly</b>	<b>2018 Assembly</b>
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 – FY 18/19 only
  - Reinststate 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

# Reporting Requirement

- 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

# Reporting Requirement

- 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

# Article 8 – Gasoline Tax

- Governor dedicates half of projected cent increase to RIPTA
  - \$2.3 million based on est. yield per penny

<b>Disposition</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Current Law</b>	<b>Art. 8</b>	<b>Chg.</b>
DOT	19.25	19.25	20.25	19.75	(0.5)
RIPTA	9.75	9.75	9.75	10.25	0.5
Turnpike & Bridge	3.5	3.5	3.5	3.5	-
DHS	1.0	1.0	1.0	1.0	-
UST Fund	0.5	0.5	0.5	0.5	-
<b>Total (in cents)</b>	<b>34.0</b>	<b>34.0</b>	<b>35.0</b>	<b>35.0</b>	<b>-</b>



# Gasoline Tax Proceeds

<b><i>Fiscal Year</i></b>	<b><i>Per Penny Yield*</i></b>	<b><i>RIPTA Share</i></b>	<b><i>Total Funding*</i></b>
2011	\$4.268	9.75	\$41.6
2012	\$4.206	9.75	\$41.0
2013	\$4.137	9.75	\$40.3
2014	\$4.236	9.75	\$41.3
2015	\$4.396	9.75	\$42.9
2016	\$4.479	9.75	\$43.7
2017	\$4.417	9.75	\$43.1
2018	\$4.493	9.75	\$43.8

\*\$ in millions

# Article 8 – Impact

	Current Law	Article 8	Diff.
<b>Gasoline Tax</b>			
DOT	\$91.9	\$89.7	(\$2.3)
RIPTA	\$44.3	\$46.5	\$2.3
<b>HMA</b>			
RIPTA	\$4.9	\$9.9	\$5.0
DMV - Staffing	-	4.5	4.5
Projects in Art. 1	-	0.5	0.5
DOT	92.2	82.1	(10.1)
<b>Total HMA</b>	<b>\$97.0</b>	<b>\$97.0</b>	<b>-</b>
<b>DOT</b>	<b>\$184.1</b>	<b>\$171.7</b>	<b>(\$12.4)</b>
<b>RIPTA</b>	<b>\$49.1</b>	<b>\$56.4</b>	<b>\$7.3</b>

# 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

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